

**Assets for
Independence Act
Evaluation:
First Annual
Site Visit Report**

June 2002

Prepared for
Mr. Sheldon Shalit
Administration for
Children and Families
U.S. Department of Health
and Human Services
370 L'Enfant Promenade, S.W.
Washington, DC 20441

Prepared by
Michelle Ciurea
Alexandra Blain
Donna DeMarco
Hong Ly
Gregory Mills, Project Director

Abt Associates Inc.
55 Wheeler Street
Cambridge, MA 02138

Table of Contents

| | |
|---|-----------|
| Executive Summary | i |
| Chapter One: Background | 1 |
| A. Overview of the Assets for Independence Act..... | 1 |
| B. Overview of the Evaluation..... | 2 |
| Chapter Two: Comparative Site Profiles | 6 |
| A. Introduction..... | 6 |
| B. Site-by-Site Descriptions..... | 8 |
| C. Comparisons with Other AFIA Grantees | 18 |
| Chapter Three: Site Visit Findings | 22 |
| A. Organizational Structure and Philosophy..... | 22 |
| B. Recruitment and Screening | 26 |
| C. Financial Education, Training, and Services..... | 33 |
| D. Case Management and Social Services..... | 29 |
| E. Issues for Future Consideration..... | 37 |
| Appendix A: Process Interview Guides | |

Acknowledgments

This research was conducted under a cooperative agreement (No. 90XS0016/01) with the Administration for Children and Families (ACF), U.S. Department of Health and Human Services. The authors of this report wish to acknowledge the assistance provided by the following ACF staff: Sheldon Shalit and Richard Saul of the Office of Community Services (OCS) and Larry Wolf of the Office of Policy Research and Evaluation (OPRE). John Tabori of PeopleWorks Incorporated, the technical assistance contractor to OCS, also assisted by providing grantee-reported data on AFIA project characteristics. We also wish to recognize the cooperation of the project staff who were interviewed for this study in the five selected AFIA projects, those operated by: Community Services Agency (Reno, NV); Mercy Housing (Sacramento, CA); Mt. Hope Housing Company (Bronx, NY); Social Development Commission (Milwaukee, WI), and YWCA of Greater Pittsburgh (Pittsburgh, PA).

Executive Summary

This report describes the site visits undertaken during Phase I of the congressionally mandated evaluation of the Assets for Independence Act (AFIA), which Abt Associates is conducting under contract to the U.S. Department of Health and Human Services. AFIA provides grants to qualified organizations to establish individual development accounts (IDAs) for low-income individuals. The savings deposited into these accounts are matched through a combination of federal and nonfederal funds. Project participants may withdraw their savings and match for home purchase, business capitalization, and postsecondary education.

During the Phase I period, October 2000 through September 2001, significant progress occurred in the “process study” component of the evaluation. This component includes site visits each year by Abt Associates staff to five or six selected AFIA projects. During these visits, interviews are conducted with project coordinators, project associates, and representatives of participating financial institutions to understand how projects have been implemented, how they operate, and how project features may affect participant outcomes. ***During Phase I, visits were conducted to five IDA projects that received federal funding through the initial Fiscal Year (FY) 1999 AFIA project grants.***

The following five AFIA project sites were visited:

- Community Services Agency, Reno, Nevada (the "Reno site");
- Mercy Housing, Sacramento, California (the "Sacramento site");
- Mt. Hope Housing Company, Bronx, New York (the "Bronx site");
- Social Development Commission, Milwaukee, Wisconsin (the "Milwaukee site"); and
- YWCA of Greater Pittsburgh, Pittsburgh, Pennsylvania (the "Pittsburgh site").

These sites were selected from among those receiving AFIA grants from fiscal year (FY) 1999 funds. They were selected in consultation with HHS program staff on the basis of geographic dispersion, urban/rural location, type of organization, and population served.

Our on-site research consisted of two-day visits to each project during May and June 2001. We conducted in-depth interviews with project staff, including representatives of the partnering financial institutions. At each site, we also conducted participant interviews, both one-on-one and in groups of up to 20.

The major findings of the first-round site visits were as follows:

- ***The five visited projects, selected to encompass a range of operational models, indeed differed greatly in their organizational structures and philosophies and in their operational strategies, as comprised by their approach to the three major areas of project activity:***

- *recruitment and screening (i.e., the procedures used to attract and select project participants);*
- *financial education (i.e., “financial literacy” or “money management), financial training (i.e., asset-specific training on homeownership, microenterprise, or postsecondary education), and financial services (i.e., credit counseling and credit repair);*
- *case management (i.e., assistance with account setup and payment regularity, assessment of service needs, and referral to resources in the community) and social services (i.e., direct provision of post-employment support, childcare, transportation, health care, crisis intervention, mentoring or peer support, or other support services).*
- *These projects exemplify the tradeoffs that exist between (a) serving needier individuals within the program-eligible population – ones who might not otherwise succeed in saving and accumulating assets, but who require intensive support services to do so – versus (b) serving more members of the program-eligible population but with fewer support services.*
- *The crucial challenge facing each AFIA project is to adopt an operational strategy that will enable the needs of the target clientele to be met within the capacities of the project organization and its partners and within the constraints of available funding.*

The first-round visits have indicated the diversity of approaches that organizations have taken in implementing and operating their AFIA projects. The visits also pointed to key features of projects and their clientele that may later help explain participant outcomes.

Organization of This Report

The body of this report is organized as follows. Chapter One provides background information on the Act and on the national AFIA evaluation. Chapter Two provides descriptive information about the five visited projects, comparing them to all others receiving AFIA grants in the first year of funding availability, fiscal year (FY) 1999. Chapter Three provides in detail the findings from the site visits. Appendix A contains the interview guides used in conducting the visits.

It is important to note at the outset of this report that it is still too early to assess the effectiveness of AFIA projects in achieving the goals of the Act: to promote the savings of participants, their ownership of productive assets, and their economic self-sufficiency. This is the first of a series of annual reports that, based on visits to selected sites each spring, will describe the types of projects that have been implemented through AFIA. Under the ongoing nonexperimental impact study, Abt Associates is also collecting extensive survey data on a national sample of AFIA participants to estimate the effects of these projects on participants’ lives. The visits described here, and those to be conducted in upcoming years, will enable a more careful interpretation of that empirical evidence.

Chapter One: Background

This chapter provides an overview of the Assets for Independence Act (AFIA) and the congressionally mandated national AFIA evaluation. The provisions of the Act, as described here, are those in the original legislation. As noted in the text, some provisions of the Act were revised through technical amendments enacted in December 2000. *We focus here on the original provisions, which were in effect when the visited sites implemented their projects.*¹

Throughout this report, we use the word **program** to refer collectively to the nation-wide series of IDA demonstrations authorized by the AFIA legislation. A **grantee** is the entity that has applied for and received an AFIA grant from HHS. The grantee may operate through a single local site (as a “single-site grantee”) or at multiple local sites (as a “multi-site grantee”). We use the word **project** to refer to the services that a lead organization and its financial partner(s) provide to accountholders at each site.

A. Overview of the Assets for Independence Act

The Assets for Independence Act (AFIA, Public Law 105-285, enacted on October 27, 1998) provides federal funding for a series of state and local individual development account (IDA) demonstration projects. Under AFIA, IDAs are personal savings accounts that enable low-income persons to combine their own savings with matching public or private funds for first-time home purchase, business startup or expansion, or post-secondary education. The Act provides for grants to qualified non-profit organizations (or state or local agencies or tribal organizations that partner with a qualified non-profit entity) to conduct five-year demonstration projects under which non-federal sources contribute at least one-half of the project's matching funds. (Indiana and Pennsylvania, having previously enacted large state-funded IDA initiatives, also qualify as grantees.) The Act is administered federally by the Office of Community Services (OCS) of the U.S. Department of Health and Human Services (HHS).

AFIA projects must comply with the following guidelines:

- Participants either must be income-eligible for the earned income tax credit (EITC) or must be receiving benefits or services under a state's Temporary Assistance for Needy Families (TANF) program.² Participants must also have assets of less than \$10,000 (excluding the value of one's primary dwelling and one motor vehicle).

¹ Throughout this report, we use the word **program** to refer to the nation-wide series of IDA demonstrations authorized by the AFIA legislation. A **grantee** is the entity that has applied for and received an AFIA grant from HHS. The grantee may operate at a single local site (as a “single-site grantee”) or at multiple local sites (as a “multi-site grantee”). We use the word **project** to refer to the AFIA initiative that a lead organization and its financial partner(s) administer at a site.

² The technical amendments revised the income eligibility threshold to 200 percent of the federal poverty level. In 1999, the EITC annual income limits were as follows: unit with no children, \$10,200; unit with one child, \$26,928; and unit with two or more children, \$30,580. In 1999, the annual income amounts corresponding to 200 percent of the poverty level (in the contiguous 48 states and D.C.) were as follows: one-person unit, \$16,480; two-person unit, \$22,120; three-person unit, \$27,760; and four-person unit, \$33,400.

- To receive matching funds on their savings, a participant must use the account for home purchase, business capitalization, or post-secondary education (or for the transfer to the IDA of another eligible person). The participant's deposits must be from earned income.
- Matching rates can range from \$1 to \$8 per dollar saved, with non-federal funds providing one-half or more of the matching contributions.

Of the grant funds provided to a qualified entity, the uses of the federal grant are constrained by the following limits:

- At least 90.5 percent of the grant must be used to match accountholders' deposits into their IDAs.
- Not more than 7.5 percent of the grant funds may be used for project administration and participant skills building.
- Not less than 2.0 percent of the grant funds must be devoted to the costs of collecting and providing the information necessary to conduct the national AFIA evaluation.

The Act authorized \$25 million for each of five fiscal years (FY 1999 through 2003). The annual appropriation approved by the Congress was \$10 million for FY 1999 and for FY 2000, and \$25 million for FY 2001 and for FY 2002. In September 1999, OCS awarded 40 grants (totaling \$9.4 million) from FY 1999 funds; these first grantees included 38 local non-profit organizations, plus the states of Indiana and Pennsylvania. In September 2000, OCS then awarded grants to 25 additional organizations (totaling \$4.6 million), plus supplemental grants (totaling \$2.1 million) to 14 of the 38 recipients in the first funding cohort. Supplemental grants (amounting to \$1.7 million) were also provided to Indiana and Pennsylvania. Most recently, in September 2001, the FY 2001 grants were awarded: initial grants to 60 new recipients (totaling \$14.3 million), supplemental grants to 29 of the nonstate recipients in the previous cohorts (totaling \$6.7 million), and supplemental grants to Indiana and Pennsylvania (amounting to \$1.5 million).

As noted above, a specified portion of the annual appropriation is earmarked for evaluation. For the first two years (FY 1999 and FY 2000) the evaluation set aside was 2 percent of the annual appropriation (or \$200,000). Beginning with FY 2001, the evaluation setaside was amended to be "not more than \$500,000" of the annually appropriated amount.

B. Overview of the Evaluation

Section 414(a) of the Act called for a national evaluation of AFIA demonstration projects to be carried out by an independent research organization under contract to HHS. Abt Associates was selected by HHS to conduct the first-year design phase of the national evaluation, which was completed in August 2000.³ The Final Report of the design phase described data collection and

³ The Center for Social Development of Washington University in St. Louis was a subcontractor to Abt Associates during the design phase.

analysis activities that would meet the Congressional evaluation mandate. These activities were organized under the following six research areas: project and participant tracking and monitoring, a process study, an experimental impact study, a non-experimental impact study, in-depth participant interviews, and a benefit-cost study.⁴ Making use of the evaluation funding provided by the Act, activities have now been implemented by Abt Associates in two of these six areas: the process study and the non-experimental impact study. These activities are described below.

Process Study

The process study will provide a comprehensive picture of the development, planning, start-up, and on-going operations of selected AFIA projects. It will help HHS staff understand how the projects are implemented and how they operate. In describing how clients interact with project staff and receive project services, the process study also will help interpret the findings of the non-experimental impact study (described later below).

The value of the process study goes beyond what it tells us about the dynamics of change at any one site. It can also illustrate the variety of project models that evolve under AFIA. Existing research into IDA programs—for example, from Abt Associates’ study of asset accumulation initiatives (sponsored by the U.S. Department of Agriculture)—indicates that current IDA programs are quite diverse.⁵ For example, programs may vary significantly in the extent to which staff monitor and enforce the requirements of program participation (e.g., minimum deposit amounts, frequency of deposits, attendance at counseling and training sessions). Because AFIA projects are likely to vary on such features, it is important to consider whether (and how) these differences may influence participant outcomes. What we observe in the process study can serve to narrow and sharpen our focus in the nonexperimental impact study on those aspects of projects that offer the most plausible explanation of effects.

In tracing the development of selected AFIA projects over time, the process study can also provide valuable lessons for other AFIA projects. It may identify issues that were found to be problematic across all sites or only under certain conditions. For example, establishing relationships with financial institutions may prove to be more difficult (and/or may take longer) than sites anticipated. The lessons learned about how sites overcame these challenges (or the implications of not overcoming them) would be extremely useful to both current and future projects and may have policy implications, to the extent some policy elements appear to promote or impede success.

Non-experimental Impact Study

The non-experimental impact study will specifically address three of the seven "factors to evaluate" identified in Section 414(b) of the Assets for Independence Act. Specifically, this portion of the evaluation will assess:

⁴ See Gregory Mills, Michael Sherraden, et al., *Assets for Independence Act Evaluation: Design Phase Final Report*, Abt Associates Inc., Cambridge, Mass., and Center for Social Development, Washington University in St. Louis, August 9, 2000.

⁵ See Gregory Mills, et al., *Evaluation of Asset Accumulation Initiatives: Final Report*, Abt Associates Inc., Cambridge, Mass., February 2000.

- the savings rates of individuals in the demonstration project[s] based on demographic characteristics including gender, age, family size, race or ethnic background, and income;
- the effects of incentives and organizational or institutional support on savings behavior; and
- the effects of individual development accounts on savings rates, home ownership, level of post-secondary education attained, and self-employment, and how such effects vary among different populations or communities.⁶

The first of these factors calls for an analysis of savings patterns among AFIA participants, in relation to their demographic and economic characteristics. The second and third factors call for a comparison of the patterns of savings and asset purchases of AFIA participants with the patterns among nonparticipants.

For this evaluation component, the planned data collection activities will provide three years of longitudinal data on a national sample of project participants. The survey-collected participant data will be combined with available data on program-eligible nonparticipants within the general population, as collected by the Census Bureau through the Survey of Income and Program Participation (SIPP). To estimate the effects of IDA participation on savings and asset purchases, multivariate statistical techniques will be employed to account for observable differences between participants and nonparticipants on individual background characteristics and other contextual factors.

The primary project effects that this analysis will assess are as follows:

- increase in savings – the increase in the amount of interest-bearing assets held at financial institutions (including account holder deposits held in IDAs, but not including the match) as a percentage of household income⁷;
- increase in homeownership – the increase in the percentage of individuals who own their primary residence;
- increase in postsecondary education – the percentage of individuals who have advanced their postsecondary education;
- increase in self-employment – the increase in the percentage of individuals who are self-employed.

⁶ Note that the nonexperimental impact study will address partly or indirectly the other four factors to evaluate: the economic, civic, psychological, and social effects of asset accumulation; the potential financial returns to the Federal Government and to other public sector and private sector investors in individual development accounts over a 5-year and 10-year period of time; the lessons to be learned from the demonstration projects conducted under this title and if a permanent program of individual development accounts should be established; and such other factors as may be prescribed by the Secretary.

⁷ Interest-earning assets held at financial institutions include the following: savings accounts, money market deposit accounts, certificates of deposit, and interest-earning checking accounts.

The process study and the non-experimental impact study are complementary. The impact study will examine whether IDAs affect participant savings and asset accumulation. By themselves, however, the impact estimates will not explain why and how those effects occur. The process study will indicate the dynamics of project-participant interactions and suggest the underlying basis of the estimated impacts.

Chapter Two: Comparative Site Profiles

This chapter provides descriptive information about the five visited projects, comparing them to others receiving AFIA grants in the first year of funding availability.

A. Introduction

The unit of analysis for the process study is the AFIA project *site*. As noted earlier, in many instances AFIA grantees operate IDA projects at multiple sites, which may differ from each other in their organizational arrangements and operating practices.

Site Selection

For the first-round visits reported here, we selected sites from among all AFIA grantees that received funding from the fiscal year (FY) 1999 appropriation. (We refer to this set of grantees as the FY 1999 cohort.) The sites were selected with the aim of capturing a range of project characteristics and operating environments. As a first step, we excluded from consideration the following categories of sites:

- Sites from the two “grandfathered” state-level grantees (Indiana and Pennsylvania), because they need not conform to the same statutory rules as all other AFIA-funded projects; and
- Sites with fewer than 10 opened accounts during July-December 2000. Such projects had not yet accumulated appreciable experience with AFIA. Collectively, they comprise a small proportion of all AFIA accountholders.⁸

Following these exclusions, site selection was then based on the following criteria:

- number of accounts opened (during July-December 2000);
- central city, suburban, or rural location;
- age of the lead organization;
- type of organization (governmental agency, community action agency, community development corporation, or other); and
- single-site or multi-site AFIA project.⁹

⁸ In subsequent rounds of site visits, similar exclusions will be made annually at the time of site selection, based on the most recent data reported by grantees to HHS on their number of opened accounts.

⁹ Of the 121 project sites in the FY 1999 cohort, 21 are associated with single-site AFIA grantees. The remaining 100 program sites correspond to 17 multi-site grantees.

We classified sites according to these features and attempted to select sites that provided variation on these characteristics. Site selection was made in consultation with staff of HHS and PeopleWorks, the AFIA technical assistance contractor.

In succeeding years we will use a selection and visitation strategy that captures both cohort-by-cohort differences and longitudinal project changes. Projects may well vary between cohorts, as the AFIA program may attract different types of grantees in each succeeding application year. Such cohort differences may significantly affect the outcomes observed among participants in the survey sample. We thus will want to assess whether differences exist between grantee cohorts and if so, what implications this may have for participant outcomes. Accordingly, we will select sites from multiple grantee cohorts, from FY 1999 to FY 2002. (Note that only the first three of these cohorts, FY 1999, FY 2000, and FY 2001, will be represented in the participant survey to be conducted for the non-experimental impact study.)

It is likely that each AFIA project will progress through several stages of development within its five-year project period. The most significant changes will probably occur within the first three years, as projects gain experience and adjust their operations to meet client needs. Thus, we will generally follow each selected site for a total of two years, consisting of two annual visits conducted in the second and third year of its project period. The first-round visit focuses on establishing a baseline understanding of the site and its activities. The second-round visit will seek to document changes that have occurred in the intervening year.

Site Visit Procedures

For each selected site, the visit consisted of in-person interviews with project coordinators, project associates (front-line staff), and representatives from financial institutions. This information was supplemented by group interviews with selected accountholders, observation of project services (such as basic financial education classes), and a review of grantees' funding applications, progress reports, and project data reported to PeopleWorks, the AFIA technical assistance contractor.

After the five study sites were selected, we sent each site a cover letter explaining the study, describing the upcoming visit, and identifying a contact person on the Abt Associates staff. This was followed by a telephone call to arrange a convenient time for the site visit, typically two to three weeks in advance.

A single interviewer generally conducted each site visit. The exception to this was the first visit, conducted in May 2001 to the Mt. Hope Housing Company by two interviewers, to ensure greater standardization of procedures at the subsequent sites.

Interviews with project staff were conducted using semi-structured interview guides, separately developed for project coordinators and project associates. The interview guides are presented in Appendix A. Their use ensured that interviews were conducted consistently across sites. Individual questions in the interview guides for the site visits were constructed to provide direction to respondents, but not to restrict responses. Many questions had open-ended probes to encourage further discussion of the topic. Interviewers became sufficiently familiar with the interview protocol so as to be comfortable addressing topics in an alternative order that the respondent might prefer.

Two types of respondents were targeted for the project staff interviews: AFIA project coordinators (or directors) and AFIA project associates (or front-line staff). These respondents provided relevant descriptions of the AFIA project from different perspectives. In addition, certain topics were covered only with one respondent type or the other, depending on whether the topic was more policy or implementation oriented. Coordinator interviews took approximately 2 hours to conduct on average, with associate interviews requiring about 75 minutes on average.

We attempted to schedule the site visits in order to view IDA project activities such as basic financial education classes, asset-specific training (e.g. classes on home maintenance or small-business management), or peer group meetings. We anticipated that viewing such activities first-hand would importantly contribute to our understanding of each project studied. In particular, financial education, training, and services are commonly regarded by staff as integral to motivating participants. It is also apparent that projects vary substantially in these aspects.

We also arranged informal group interviews with selected accountholders to obtain their perceptions of the AFIA project. These interviews enabled us to learn about participants' motivation for entering the project and their experiences in establishing and maintaining a regular pattern of saving. To minimize the burden on both the accountholders and project staff in arranging such interviews, we normally conducted them before or after a scheduled meeting that accountholders were attending (such as a basic financial education class) and kept the interviews brief and informal.

Finally, while on site we also conducted interviews with representatives of partnering financial institutions. We looked to these interviews to document how such institutions manage AFIA accounts. These interviews also tended to reveal factors that either promoted or hindered the participation of financial institutions in AFIA projects.

B. Site-by-Site Descriptions

The five visited sites are described below. These brief descriptions are intended to introduce the sites in terms of their basic organizational features, community context, and distinctive aspects of their AFIA project operations.

Exhibit 2-1 summarizes key features of the five projects.

Exhibit 2-1: Major Characteristics of Sites Visited

| | Community Services Agency | Mercy Housing | Mt. Hope Housing Company | Social Development Commission | YWCA of Greater Pittsburgh |
|--|--|---|---|--|---|
| City location | Reno, NV | Sacramento, CA | Bronx, NY | Milwaukee, WI | Pittsburgh, PA |
| Urban/rural | Mixed urban/rural | Mixed urban/rural | Urban | Urban | Urban |
| Type of organization | Community action agency. Single-site grantee. | Housing-focused social service agency. Single-site grantee. | Housing-focused social service agency. Single-site grantee. | Community action agency. One organization within a multi-site grantee (WISCAP) | Multi-service social service agency. Single-site grantee. |
| AFIA grant award | \$70,719 | \$79,500 | \$138,257 | \$31,000 | \$300,000 |
| Number of AFIA accounts funded | 32 | 90 | 83 | 28 | 140 |
| Number of AFIA accounts opened (at time of visit) | 30 | 57 | 45 | 20 | 45 |
| Percentage of funded accounts opened | 94% | 63% | 54% | 71% | 32% |
| Target population | Latinos, African-Americans, female-headed households | Recent immigrants, female-headed households | Latinos, African-Americans, refugees, female-headed households, TANF recipients | Bosnian/Serbian, Laotian, and Hmong refugees | Public housing residents and Section 8 tenants |
| Allowable uses | Homeownership/ small business/ education | Homeownership/ small business/ education | Homeownership/ small business/ education | Homeownership/ small business/ education | Homeownership |
| Number of financial institutions | 3 | 3 | 1 | 1 | 1 |
| Match rate | 1:1 | 2:1 | 2:1 | 2:1 | 4:1 |
| Maximum savings period | 3 years | 2 years | 3 years | 2 years | 5 years |
| Deposit required for account opening | \$25 | \$20 | \$25 | \$10 | \$10 |
| Minimum monthly deposits | \$10 | \$10 | \$30 | \$10 | \$10 |
| Maximum amount eligible for match | \$4,000 | \$800 | \$1,500 | \$1,000 | \$1,000 |
| Maximum match amount | \$4,000 | \$1,600 | \$3,000 | \$2,000 | \$4,000 |
| Number of non-AFIA IDA programs | 2 | 4 | 1 | 1 | 0 |

Community Services Agency Reno, NV

This project is notable for its approach to recruitment. After initial difficulties in recruiting, what has emerged is a participant population drawn largely from CSA's existing clients. This creates a strong element of peer support among participants, since many of them already know each other. It also delivers its financial literacy component in a unique way that involves rotating the teaching obligations among three banks in a continuous cycle of classes.

Organization and Community

The Community Services Agency (CSA) is a community action agency founded in 1965 to promote self-sufficiency through initiatives in the areas of human services, economic development, and affordable housing. CSA is one of the largest human service agencies in Northern Nevada, second only to the United Way of Northern Nevada. It is staffed by over 60 employees.

CSA began as a human service agency and ventured into housing development with the creation of Community Services Agency Development Corporation (CSADC) in the 1980s. To date CSADC has developed eleven projects consisting of over 1,000 affordable housing units throughout Nevada. In addition to housing development, CSA also provides a variety of other human services. These include Operation Head Start, home purchase assistance (down payment and closing cost assistance), energy efficiency rehabilitation assistance, educational and employment services for at-risk youth, entrepreneurial assistance, emergency assistance for welfare to work participants, and the Residential Energy Assistance Challenge (REACH) Option Program.

The AFIA project appears to have catalyzed a number of other IDA projects in the area. Independent of AFIA, CSA initiated a pilot computer purchase IDA for sixteen employees in which savings of \$750 were matched 1:1 by CSA. The organization is also negotiating with insurance companies to start an IDA program in which insurance companies will match beneficiary contributions for deductible payments and for dependents.

The community served by CSA is primarily composed of Latinos, African-Americans, and female-headed households.

AFIA Project

The AFIA project serves both rural and urban communities in Reno and neighboring communities. The project has three allowable uses: homeownership, micro-enterprise, and post-secondary education.

The target population consists primarily of families participating in the Head Start program who meet the federally established poverty income level. CSA also targets low-income families who occupy its low-income housing units. Throughout the state of Nevada, CSA has over 1,000 units occupied by

families at 60 percent or less of the area median income, and thus with poverty-level incomes.¹⁰ Among the five visited sites, CSA is notable in the high proportion of its participants (94 percent) who are at or below the poverty level. After initial difficulties reaching out to the low-income, primarily Latino population, what has emerged is a participant population consisting largely of individuals already served by other CSA programs.

The AFIA project has 32 AFIA-funded accounts available. The match rate is 1:1. The maximum savings deposit is \$4,000, with a maximum match of \$4,000 over a 3-year period. Thirty accounts were opened as of June 2001. Monthly deposits are required, ranging between \$10 and \$100.

Financial Partners

Three banks are involved in this IDA project. The principal bank is Wells Fargo. It administers all of the open AFIA accounts. Two other banks are involved: US Bank and Bank of America. They also hold some of the project's reserve funds. The three banks deliver the financial education classes on a rotating basis.

Due to the pre-existing relationships between CSA and the three financial institutions, the partnering arrangements for the AFIA project were established without difficulty. Wells Fargo holds most of CSA assets for other programs administered by CSA.

CSA partners with local organizations to provide asset-specific training for IDA accountholders. They include Consumer Credit Counseling Services, Nevada Small Business Development Center (NSBDC), Bank of America, US Bank, and Wells Fargo. Consumer Credit Counseling provides credit counseling and offers an eight-hour homebuyer course to accountholders free of charge in Spanish and English. At the end of the course, participants receive a certificate valid for one year that may reduce the amount of private mortgage insurance and may provide other first-time homebuyer assistance. NSBDC provides guidance and information on developing a small business, including the formulation of a business plan, capitalization, product development, and customer service.

| |
|---|
| Mercy Housing Sacramento, CA |
|---|

Organization and Community

Mercy Housing California is a housing-focused social service agency. It operates resident services programs at affordable housing sites in urban and rural areas throughout the state of California. Established over 20 years ago, Mercy Housing California builds, manages, and owns affordable housing for low-income families. The work of Mercy Housing California includes affordable rental housing, community development, family self-help homeownership, property operations, and resident services such as education, economic advancement, youth services, health services, and senior

¹⁰ In fiscal year 1999, 60 percent of the area median income in Reno (the income threshold for corresponded to an annual income of \$33,200 for a family of four, which very nearly equaled the federal poverty level in 1999 for a four-person unit (\$33,400).

services. The community and economic development program focuses on community empowerment and family self-sufficiency. Mercy Housing also offers a job training and placement program for welfare recipients and low-income individuals.

AFIA Project

The Developing Real Economic Assets Mutually (DREAM) IDA project was established at Mercy Housing California's Sacramento office (formerly Rural California Housing Corporation) to complement existing economic independence programs. These include job skills training and job development, technical assistance with small business start-ups, and referrals to affordable home-ownership programs.

AFIA funds 90 accounts. The match rate is 2:1. The maximum savings amount is \$800 with a maximum match of \$1,600 over 2 years. The target population consisted initially of residents of properties that the organization owns or manages, but this was subsequently expanded to the general public as a result of early difficulties with recruitment (as explained in Chapter 3). Participants receive economic literacy and asset acquisition training provided and designed by Mercy Housing California project staff. Guest speakers are invited periodically.

Two organizations are involved in the operation and marketing of this IDA project: Mercy Housing California and the Sacramento Valley Organizing Community (SVOC). Of the 90 AFIA-funded accounts, 57 are reserved for Mercy Housing California and 33 for SVOC, a faith-based community-organizing group that has partnered with Mercy Housing California in the past. SVOC provides access to employment, housing, health care, citizenship, and microlending resources. It dedicates a small percentage of the time of one of its community organizers to work on recruitment for the AFIA project, in conjunction with Mercy Housing staff.

Mercy Housing California also operates four other IDA programs in addition to the AFIA-funded project. These include a program for the SVOC Welfare-to-Work Alumni Association; the Sacramento Federation of Program Operators' Project SEED IDA program; the Sacramento Mutual Housing Association IDA Program; and the Individual Development and Empowerment Account Program. Together, these five IDA programs account for over 200 accounts. They are managed by two full-time staff members and a VISTA volunteer.

Financial Partners

Mercy Housing California is affiliated with three banks for the AFIA project: California Bank & Trust (CBT), Washington Mutual, and Feather River State Bank. All fees are waived. CBT holds all of the match money as the principal financial partner. Washington Mutual and Feather River State Bank are smaller banks in more remote rural locations. They were brought in primarily because accountholders desired contact with a local branch.

| |
|---|
| Mt. Hope Housing Company Bronx, New York |
|---|

Organization and Community

Mt. Hope Housing Company ("Mt. Hope") was established in 1986 by South Bronx community leaders hoping to reverse the lack of investment and massive abandonment of the area's rental housing stock in the 1970s and 1980s. It was created to provide affordable housing for its community's low and moderate-income families. Mt. Hope presently owns 1,200 housing units in 29 buildings and manages 1,000 units. The Company has expanded to offer many more services besides housing. As a housing-focused social service agency, it now provides services related to health care, family services, employment, recreation, and education. It has developed community facilities such as a community thrift shop, the Mt. Hope Primary Care Center, the Job Resource Center, a community garden, and the Home Maintenance Training Center. It has approximately 70 employees.

The local neighborhood—a densely populated, largely Latino area of the South Bronx—is low-income but not devoid of financial institutions. It was considered by interview respondents to be fairly well served by various banks and credit unions. An estimated 80 percent of the IDA accountholders have checking accounts, and 40 percent have savings accounts. Also, many have direct deposits of paychecks and IDA deposits.

Mt. Hope targets residents of the South Bronx, with priority given to residents of the portion of the target area defined as Community District 5, and families with children. Much of the local population is Latino and African-American, with large proportions of female-headed households.

Mt. Hope established a previous homeownership IDA project in 1996 under a program offered by the Federal Home Loan Bank of New York. In 1998, cognizant of the difficulty of affording real estate in the New York City market, Mt. Hope expanded its allowable uses to computer purchase and retirement. This project also serves a higher-income population, up to 80 percent of area median income.¹¹ Mt. Hope still maintains this project, which has ten accounts.

AFIA Project

Mt. Hope has AFIA funding for 83 IDA accounts, with 45 opened as of May 2001. The match rate is 2:1. The minimum opening deposit is \$25. The savings period is 6 months to 3 years. There are three allowable uses: homeownership, microenterprise, and post-secondary education. At the time of our site visit, two withdrawals had been made, both for home purchase, and a third was pending.

At the time of our site visit, the AFIA project was operated by two individuals: a full-time project manager and a VISTA IDA volunteer. Oversight of the project was maintained by the Vice President for Community Development. In June 2001 the project manager departed, and the Company began a search for her replacement.

¹¹ For New York City in 1999, 80 percent of area median income for a family of four was \$42,700 per year.

Financial Partner

Mt. Hope's financial partner is Bethex Federal Credit Union, a community development financial institution that specializes in serving low-income local residents. Bethex consists of an Executive Director, who founded the credit union 31 years ago, and fewer than 10 full-time and part-time staff, about half of whom are workfare recipients. An IDA VISTA volunteer administers the IDA accounts. The relationship between Mt. Hope and Bethex is a long-standing and close one. Mt. Hope donates office space for Bethex in one of its properties; it has substantial company deposits there; and a Mt. Hope representative has traditionally served on the Bethex Board. Therefore, it was natural that Mt. Hope selected Bethex as its AFIA financial partner.

Social Development Commission Milwaukee, WI

This AFIA project is notable for the unusual target population, refugees, whose needs and savings behavior differ in many ways from the traditional low-income populations served by most other AFIA projects. The Milwaukee project staff feel that their refugee participants come to the project already highly motivated to succeed. These staff indicate that savings deposits are typically in the range of \$200 per month.

Organization and Community

The Social Development Commission (SDC) is a community action agency in operation since 1963. With about 350 staff members and an annual budget of \$31 million, SDC serves 200,000 people in over 30 diverse programs. These include Headstart, senior meal program, tax preparation assistance site, victim assistance, energy assistance, education and training, youth development, and business development.

SDC's service area includes all of Milwaukee County. Milwaukee is the largest city in the state of Wisconsin, with a population of approximately 600,000. The executive offices of SDC are located in the heart of the downtown area, next to the Grand Avenue Mall. SDC operates over 25 programs in various locations all around Milwaukee County, including a Southside Neighborhood Service Center. Most of the AFIA participants come from urban (but not the inner city) areas of Milwaukee.

SDC is a sub-grantee of the Wisconsin Community Action Program Association (WISCAP), an umbrella organization. WISCAP is the professional network, or trade association, of Wisconsin's sixteen community action agencies, the United Migrant Opportunities Services, the Coalition of Wisconsin Aging Groups, and the Foundation for Rural Housing. The sixteen community action agencies work with each other and WISCAP to provide economic opportunities to low-income people across the state. The organization works to design, establish, and manage statewide anti-poverty programs. Services are provided at the local level, while WISCAP provides overall management for statewide programs.

WISCAP has had experience with IDA programs before AFIA. Two member agencies, ADVOCAP and the Community Action Coalition for South Central, had previously established IDA programs.

One of these, the ADVOCAP IDA program, established in 1995, was one of the first IDA programs in the nation and participates in the American Dream Demonstration.¹² In addition, WISCAP and ten of its member organizations, including SDC, operate IDA programs funded in part by the Office of Refugee Resettlement (ORR). Under the ORR program, which is targeted to refugees, qualified IDA uses include the purchase of an automobile or computer, and home repair.

SDC was particularly interested in establishing an AFIA project because it helped round out SDC's mission to help the poor of Milwaukee move out of poverty through asset-building. The AFIA project fits well with another initiative SDC is planning to launch in 2001: a community-wide initiative entitled the Milwaukee Asset Building Coalition, whose goal is to improve individual net worth through EITC and educational services including financial literacy and asset building. Elements of this initiative include promotion of the Earned Income Tax Credit and provision of tax preparation services, and asset building opportunities such as IDAs.

AFIA Project

WISCAP's AFIA grant was for \$500,000 to fund a total of 453 IDA accounts. This grant was divided between fifteen organizations, with SDC receiving \$31,000 to fund 28 IDA accounts. An additional 19 accounts are currently being allocated to SDC because of an internal reallocation from other WISCAP sub-grantees. The allowable uses are homeownership, micro-enterprise, and post-secondary education.

The match rate is 2:1. The minimum monthly deposit required is \$10 but most of the participants deposit much larger than required. The maximum total saving per household is \$1,000, resulting in a maximum match of \$2,000 over 2 years. At the time of our site visit, 20 accounts had been opened. SDC also operates an ORR-funded IDA program that has 25 slots. At the time of our site visit, two participants had completed the AFIA-funded project. One used the funds for home purchase; the other, for education.

The target group for this project is refugees. About 80 percent of the participants are refugees, primarily Bosnian Serbians, Laotians, and Hmong. Outreach has been primarily through two faith-based institutions, a Serbian Orthodox church and a Buddhist temple. SDC plans to expand the project to serve many more clients, including its traditional low-income clients, when it launches the Milwaukee Asset Building Coalition later in 2001.

Financial Partner

SDC's financial partner is Wells Fargo Bank, which had taken over Northwest Bank, with whom SDC had had an existing relationship. What convinced the bank to participate was its solid relationship with SDC and the custodial feature of the AFIA accounts. According to Wells Fargo, the bank does not receive Community Reinvestment Act (CRA) credit for this project. All monthly fees and minimum balance requirements are waived for AFIA participants.

¹² The American Dream Demonstration (ADD) is a series of foundation-supported local IDA projects in thirteen sites nationwide. This demonstration was organized by the Corporation for Enterprise Development and the Center for Social Development of Washington University in St. Louis.

The general financial education is delivered in small groups or sometimes one-on-one by SDC staff. Many of the refugees already understand the importance of savings and the concept of net worth. They need help, however in understanding how American financial institutions work. Moreover, instead of credit repair, they need help in establishing a credit history. Participants who need more intensive assistance are sent to the "Get Checking" program offered by local organizations such as the Consumer Credit Counseling Services, SDC, and University of Wisconsin Extension School. This program arose out of concern over the numbers of Milwaukee residents who were not eligible for bank accounts. Participants who complete the program and who have settled their debt problems are presented with a certificate that allows them to open a checking account at a participating bank or credit union.

YWCA of Greater Pittsburgh Pittsburgh, PA

This project is noteworthy in the way that AFIA project elements have been adapted from existing asset-building programs across three organizations. It is also unusual in terms of the bank's active involvement in decisions regarding recruitment and screening.

Organization and Community

This AFIA project is a partnership between three organizations: the YWCA (the AFIA grantee), the Housing Authority of the City of Pittsburgh (HACP), and Dollar Bank. It was the HACP that convened the AFIA partnership. The AFIA project is targeted to clients of the HACP, specifically, public housing residents and Section 8 tenants. The HACP convened the partnership because it felt that the IDA incentives would complement its own self-sufficiency and homeownership promotion efforts. HACP had previous relationships with both the YWCA and Dollar Bank, although the latter two had not worked together before. The YWCA is under contract to the HACP to provide case management for the HACP's Family Self-Sufficiency (FSS) Program. Dollar Bank had been under contract to the HACP since 1998 to offer its homeownership training course, *Mission: Homeownership*, to HACP clients.

Established over 100 years ago, the YWCA of Greater Pittsburgh provides a range of services related to affordable housing and self-sufficiency. TANF recipients comprise a major segment of the target populations for its programs. Its housing program portfolio includes a housing counseling program and a tenant-training program. Other programs include case management for the FSS program, Bridge Housing, YWCA Homes Inc. (a subsidiary corporation for low-income rental housing development), and Ujima House (permanent housing for formerly homeless families). It also operates a number of job training and employment placement programs, as well as programs aimed at reducing girls' involvement in gangs.

The HACP currently operates about 7,500 housing units in the city. It also provides a number of social and economic programs, including an academic youth camp and mentoring program, a job program for teens, a bank teller training program, and summer maintenance training program.

AFIA Project

The AFIA project was incorporated into Dollar Bank's existing *Mission: Homeownership* program. The program consists of a homeownership course and personalized credit counseling. Thus, the *Mission: Homeownership* program consists of two groups of participants: AFIA participants and its traditional participants—those with incomes below 80 percent of the area median income.¹³ Upon completion, the latter may receive grants up to \$3,000 from Dollar Bank for down payments. All graduates of *Mission: Homeownership* are obliged to apply for their mortgages at Dollar Bank.

Responsibilities were to be divided among the partner organizations as follows. Grant administration would be handled by the YWCA as the grantee. Its FSS caseworkers would also provide IDA case management. Dollar Bank would provide financial education as part of its *Mission: Homeownership* program and would maintain the accounts. The HACP would take the lead in recruiting, using its existing channels (HACP newsletters, residents' meetings, etc).

The project is targeted to Section 8 tenants, public housing residents, and other low-income families. Also targeted are families paying at least \$350 out-of-pocket in monthly rent and all residents of public housing units facing federally mandated demolition under Section 202. This group is almost entirely made up of families with children.

The match rate is 4:1. The maximum saving per household is \$1,000 with a maximum match of \$4,000 over five years. The minimum monthly deposit is \$10 per month. Forty-five accounts had been opened at the time of our site visit, out of 140 funded slots. Four individuals had purchased homes, and 16 were in the process of doing so. Approximately 17 accounts were considered "dormant" (i.e., had not shown any recent activity).

The staff members involved in the AFIA project are as follows. At the YWCA, two FSS caseworkers conduct case management, under the day-to-day supervision of a manager responsible for both the AFIA project and the FSS program. General oversight is provided by the YWCA's director of housing programs. At the HACP, one individual is responsible for AFIA issues among his many other job responsibilities. At Dollar Bank, one staff member provides basic financial education and credit counseling for all *Mission: Homeownership* participants (over 200 individuals), although a second staff member had been hired and was being trained at the time of our site visit. Supervision is provided by a bank vice president.

Financial Partner

Dollar Bank is prominent locally with respect to its outreach to low-income communities. It is considered a lender in responding to the Community Reinvestment Act. For example, its Credit Enhancement Program provides mortgage counseling and credit counseling for low-income individuals. Since 1991 approximately 1,100 individuals have enrolled in this program, and 323 have purchased homes. Among the AFIA accountholders, 81 percent have checking accounts, and 54 percent have savings accounts.

¹³ In Pittsburgh, 80 percent of area median income corresponded to \$34,150 per year for a family of four in fiscal year 1999.

C. Comparisons with Other AFIA Grantees

The five visited sites were not chosen to be representative of the entire cohort of fiscal year 1999 grantees, but rather to illustrate variations in features such as target populations and operational characteristics. To put our findings from those sites in context, it is useful to compare some of their key features with those of the entire cohort. These data are presented in Exhibit 2-2. The data are drawn from information provided by the AFIA grantees to PeopleWorks, the AFIA technical assistance contractor to HHS. Each characteristic presented in the table is summarized below.

Gender. The AFIA project clientele is predominantly female. Women comprised fully 84 percent of the AFIA participants in the entire FY 1999 cohort. This was also true for all of our process study sites, although the numbers varied by site. Accountholders were almost exclusively female at both the Pittsburgh site (100 percent) and the Reno site (94 percent). In contrast at the Milwaukee site women accounted for 59 percent of all account holders. This reflected the distinctive nature of the targeted refugee population in that project.

Ethnicity. African Americans were the largest ethnic group among AFIA participants nationwide in the FY 1999 cohort, comprising 41 percent. The next largest group was Caucasian, at 37 percent. African-Americans were the predominant ethnic group served by both the Pittsburgh site (92 percent) and the Bronx site (62 percent). The Reno site had a heavy concentration of Hispanic clients (71 percent). The Milwaukee site had its largest share of participants in the "Other" ethnic category (65 percent, primarily of Eastern European descent), with the remainder Asian (35 percent), reflecting its focus on refugees. Participants at the Sacramento site were divided among African Americans (39 percent), Hispanics (29 percent), and Caucasians (24 percent).

Age. The most common age bracket for AFIA accountholders nationwide in the FY 1999 cohort was 18 to 35 years (53 percent of accountholders). This age range comprised the plurality of accountholders in the Reno, Bronx, and Pittsburgh sites. In the Sacramento and Milwaukee sites, those 36 to 55 years in age comprised more than one-half of accountholders. The Reno site was the only visited site with accountholders under the age of 18 years (6 percent). Pittsburgh was the only visited site with accountholders over the age of 56 (4 percent).

Marital status. Overall, most accountholders in the 1999 cohort were unmarried, either single (51 percent) or separated, divorced, or widowed (27 percent). About one-fifth (21 percent) of AFIA accountholders were married. Marital status varied greatly by site. Two sites, Bronx and Pittsburgh, had very high proportions of unmarried accountholders (over 90 percent). At the Reno and Milwaukee sites, in contrast most accountholders were married (59 percent and 53 percent, respectively). In Sacramento, nearly one-half of accountholders (47 percent) were either separated, divorced, or widowed.

Families with children under 18. In each of our five sites, 90 percent or more of the accountholders had at least one child under the age of 18. This was slightly above the average for the 1999 cohort (86 percent).

Exhibit 2-2: Characteristics of the Visited Sites Compared to All Fiscal Year 1999 Grantees

| Characteristic | Community Services Agency (Reno, NV) | Mercy Housing (Sacramento, CA) | Mt. Hope Housing (Bronx, NY) | Social Development Commission (Milwaukee, WI) | YWCA of Greater Pittsburgh (Pittsburgh, PA) | FY 1999 Cohort |
|--|--------------------------------------|--------------------------------|------------------------------|---|---|----------------|
| Gender | | | | | | |
| Female | 94% | 78% | 85% | 59% | 100% | 84% |
| Male | 6% | 22% | 15% | 41% | 0% | 16% |
| Ethnicity | | | | | | |
| African American | 0% | 39% | 62% | 0% | 92% | 41% |
| Asian | 0% | 0% | 0% | 35% | 0% | 1% |
| Caucasian | 17% | 24% | 5% | 0% | 4% | 37% |
| Hispanic | 71% | 29% | 33% | 0% | 0% | 9% |
| Other ^b | 12% | 8% | 0% | 65% | 0% | 12% |
| Unknown | 0% | 0% | 0% | 0% | 4% | 0% |
| Age (years) | | | | | | |
| Under 18 | 6% | 0% | 0% | 0% | 0% | 3% |
| 18-35 | 70% | 47% | 62% | 40% | 44% | 53% |
| 36-55 | 24% | 53% | 38% | 60% | 40% | 40% |
| 56 or older | 0% | 0% | 0% | 0% | 4% | 3% |
| Unknown | 0% | 0% | 0% | 0% | 12% | 1% |
| Marital Status | | | | | | |
| Single | 29% | 24% | 81% | 27% | 73% | 51% |
| Married | 59% | 29% | 9% | 53% | 4% | 21% |
| Separated/divorced/widowed | 12% | 47% | 5% | 20% | 19% | 27% |
| Unknown | 0% | 0% | 5% | 0% | 4% | 1% |
| Families with children under 18 | | | | | | |
| One or more children under 18 | 94% | 98% | 100% | 90% | 90% | 86% |
| No children under 18 | 6% | 2% | 0% | 10% | 10% | 14% |
| Residence | | | | | | |
| Rural area | 6% | 14% | 0% | 0% | 0% | 27% |
| Suburban area | 6% | 26% | 0% | 0% | 0% | 9% |
| Urban area, not inner city | 88% | 20% | 0% | 100% | 70% | 31% |
| Inner city | 0% | 40% | 100% | 0% | 30% | 33% |

Exhibit 2-2: Characteristics of the Visited Sites Compared to All Fiscal Year 1999 Grantees (continued)

| Characteristic | Community Services Agency (Reno, NV) | Mercy Housing (Sacramento, CA) | Mt. Hope Housing (Bronx, NY) | Social Development Commission (Milwaukee, WI) | YWCA of Greater Pittsburgh (Pittsburgh, PA) | FY 1999 Cohort |
|--|--------------------------------------|--------------------------------|------------------------------|---|---|----------------|
| Employment status | | | | | | |
| Full-time | 59% | 65% | 86% | 73% | 73% | 57% |
| Part-time | 23% | 27% | 14% | 14% | 8% | 23% |
| Unemployed | 6% | 0% | 0% | 0% | 0% | 2% |
| Homemaker/Student/Retired | 12% | 8% | 0% | 13% | 15% | 18% |
| Unknown | 0% | 0% | 0% | 0% | 4% | 0% |
| Income level (% of federal poverty level) | | | | | | |
| Less than 100 | 94% | 43% | 24% | 0% | 31% | 39% |
| 101 to 150 | 6% | 47% | 43% | 27% | 48% | 46% |
| 151 to 200 | 0% | 10% | 33% | 73% | 21% | 15% |
| Banking relationships | | | | | | |
| With checking accounts | 53% | 71% | 80% | 28% | 81% | 49% |
| With savings accounts | 29% | 69% | 40% | ^a | 54% | 38% |
| Has credit card | 6% | 57% | 60% | ^a | 60% | 28% |
| Account characteristics | | | | | | |
| Percent of AFIA funded accounts opened | 53% | 54% | 23% | 61% | 37% | 25% |

Source: U.S. Department of Health and Human Services, Assets for Independence Demonstration Program: Report to the Congress for Fiscal Year 1999, 2002.

^a Other – data unknown

^b Other includes Native Americans, Pacific Islanders, Hawaiians and for the Milwaukee site reflects a significant refugee population.

Residence. In the overall 1999 cohort, the accountholders were fairly evenly divided among rural areas (27 percent), urban areas-not the inner city (31 percent), and inner city (33 percent), with a small suburban share (9 percent). In contrast, most of our study sites served urban populations. The Sacramento site had the most diverse geographical mix and was the only site that served a notable share of suburban accountholders (26 percent). The Sacramento and Reno sites were the only ones visited with any rural accountholders (14 percent and 6 percent, respectively).

Employment status. Most accountholders in both the 1999 cohort and our study sites were employed full-time (57 percent for the cohort). Among the visited sites, the percentage employed full-time was highest in the Bronx site (86 percent).

Income level. Variations in income among the sites were interesting in view of what they imply about the capacity of participants to save. The range was substantial. One site, the Milwaukee project, drew most of its participants from the upper end of the eligible income distribution; nearly three-quarters (73 percent) of its accountholders had incomes between 151 and 200 percent of the poverty level. The Bronx and Pittsburgh sites drew between one-third and one-fifth of their accountholders from this segment of the income distribution. In contrast, nearly all accountholders at the Reno site (94 percent) had incomes at or below the federal poverty level. Similarly, almost half of the Sacramento participants (43 percent) were drawn from this lowest end of the income spectrum. In three sites (Sacramento, the Bronx, and Pittsburgh), the heaviest concentration occurred in the middle income stratum (101 to 150 percent of poverty level).

Banking relationships. With the exception of the Milwaukee site, which served a largely refugee population, the process study sites had relatively more “banked” accountholders than the cohort overall. In the overall 1999 cohort, less than one-half of the accountholders had checking accounts (49 percent) or savings accounts (38 percent), and only about one-quarter had credit cards (28 percent). Four of the sites (all except Milwaukee) had higher shares of accountholders with checking accounts—as high as 80 percent for Bronx and Pittsburgh participants. The prevalence of savings accounts and credit cards was also higher than the cohort average for three organizations—the Bronx, Sacramento, and Pittsburgh sites. The prevalence of savings accounts and credit cards was quite low among Reno accountholders. Data were unavailable for the Milwaukee site on these items.

Percent of funded accounts opened. Overall for the cohort, only 25 percent of the funded account slots had been opened. Our sites were atypical in this respect, by design. (One of our selection criteria was a relatively high level of operational activity.) Indeed, four of our five study sites had a higher percentage of accounts opened than the cohort average: Milwaukee (61 percent), Sacramento (54 percent), Reno (53 percent), and Pittsburgh (37 percent). The Bronx site was close to the overall cohort average, with 23 percent of its funded accounts opened.

Chapter Three: Site Visit Findings

This chapter presents in detail the findings from our first-round site visits to the five selected AFIA projects. Our findings illustrate the variety of AFIA project models that are taking shape.

All of the projects visited were in an early operational phase. Although some of the visited projects were still refining certain aspects of their operations, they had all progressed beyond an initial startup phase. Most respondents felt that the hard work of project design and development was behind them. They could speak of approaches that had been tried and changed, and of lessons learned along the way. At each project, some participants had already attained their savings goal and made matched withdrawals.

As will be detailed in this chapter, these AFIA projects were very distinct from each other. The crucial task for project administrators appears to be finding the right fit between the AFIA program requirements, the partnering organizations, and the clientele; that is, ensuring that the AFIA project--as one of many tools for promoting the self-sufficiency of low-income individuals—is compatible with the organizations’ missions and strengths and with the participants’ capabilities.

In the remainder of this chapter, we describe our findings with respect to organizational structure and philosophy and then with respect to the major operational features of AFIA projects: recruitment and screening; financial education, training, and services; and case management and social services. We close the chapter by discussing the ways in which our findings suggest emerging policy issues.

A. Organizational Structure and Philosophy

In many important respects, AFIA projects reflect the organizations that operate them. Each organization puts its own “stamp” on its AFIA project—on the types of individuals that it tends to attract, the participation requirements that it imposes, and the support services it offers. To better understand the differences among the visited AFIA projects, it is important to first examine the organizations. Following is a brief descriptive overview of their key features.

- ***Of the five organizations studied, two were housing-focused social service agencies (the Bronx and Sacramento sites), and three were more diversified community action agencies (the Pittsburgh, Reno, and Milwaukee sites).*** The housing-focused sites owned and operated a number of affordable-housing properties. Both of them attempted to tap into this natural constituency—residents—for their IDA projects. Interestingly, neither organization limited the authorized use of IDAs to home purchase or even tried to promote home ownership above the other uses.
- ***All of the visited sites offered wide-ranging support services.*** They viewed their mission broadly, as community development or self-sufficiency, and offered a range of services to those ends, including child care assistance, employment and training, business development, emergency assistance, and youth development. They had been attracted to

IDAs as a new tool to complement their existing services and enable them to better fulfill their mission.

- ***All of the organizations were well established in their communities.*** Staff size ranged from 60 at the Reno site to 350 at the Milwaukee site. They had all been in operation 15 years or more. Based on our interviews with staff, each organization had a good understanding of its constituency and had a considerable track record operating a wide variety of programs. In short, none of these were organizations struggling to “find their way.”
- ***Four of the organizations were single-site AFIA grantees.*** The Milwaukee organization, SDC, was a sub-grantee of a larger, multi-site grantee, WISCAP. (Of WISCAP’s 16 affiliates, 15 joined as AFIA subgrantees.) Thus, SDC received only a portion of the grant awarded to WISCAP. That \$500,000 grant was split among the fifteen participating community action agencies, resulting in \$31,000 for SDC—substantially less (on a per-account basis) than the grant awards for the single-site grantees that we visited.
- ***Prior experience with IDA programs varied.*** The Reno site had no previous experience with IDA programs. The Bronx site, Mt. Hope Housing Company, operated (and is still operating) its own IDA program. It had established the First Home Club in 1996 under the aegis of the Federal Home Loan Bank of New York. In 1998 it was expanded to include other uses besides home purchase (e.g. computers, retirement). Mt. Hope still operates this program, with ten accountholders. It was able to apply some of the lessons learned (e.g. about the challenges of recruitment, the need for supportive case management, and the difficulty of home purchase in the New York City area) from this experience to its AFIA project. Although the Pittsburgh grantee had no previous experience operating an IDA program, its financial partner, Dollar Bank, had substantial experience operating a homeownership promotion program that contained elements similar to an IDA program, such as savings plans, financial literacy, and credit counseling.
- ***Two sites, in Sacramento and Milwaukee, operated other IDA programs that had been developed concurrently with the AFIA-funded projects.*** The Milwaukee site operated a 25-account IDA program funded by the Office of Refugee Resettlement. (Including the 28 original AFIA-funded slots and an additional 19 slots allocated to SDC under a supplemental AFIA grant to WISCAP, the site had funding for 72 accounts.) The Sacramento site operated five IDA programs (including its AFIA project) totaling 225 accounts. Project staff at both organizations felt that the existence of these other IDA programs created enough of a “critical mass” to make the startup investment of time and effort worthwhile.
- ***Three of the organizations had only one financial partner; two had multiple partners.*** The Reno grantee had relationships with three banks. One held the AFIA accounts, and the other two provided some portion of the match funds and provided the financial education on a rotating basis with the first bank. The Sacramento grantee also had relationships with three banks, each of which held some AFIA accounts. Two of these were small rural banks that were included to give participants in rural areas better bank access. The role of the two rural banks was limited to maintaining the accounts.

- ***All five organizations had a "natural" financial partner with whom a business relationship already existed.*** Most of the financial institutions became involved for one (or both) of two main reasons. First, the project organization had leverage with the bank by virtue of its deposits there. Second, the financial partner saw IDAs as an opportunity to reach the unbanked population and obtain business from future homeowners and entrepreneurs.
- ***The role of IDA partners varied.*** The role of financial institutions and other collaborating partners varied. At some sites, the financial institution merely maintained the accounts (the Bronx and Milwaukee sites). At others, the financial institutions were involved in providing the basic financial education (the Reno site) and/or assisting with outreach (the Sacramento site). At the Pittsburgh site, the bank provided the financial literacy training and in many respects was perceived as the primary organization in the AFIA project, as detailed later. Also in Pittsburgh, the Housing Authority had a distinctive role in serving as the source of referrals to the AFIA project. At the Sacramento site, a partner organization, the Sacramento Valley Organizing Community (SVOC), operated a parallel IDA program. The two Sacramento organizations, Mercy Housing and SVOC, divided the AFIA-funded account slots between them (57 for Mercy Housing and 33 for SVOC). Some functions were centralized: Mercy Housing tracked all accounts, the same bank maintained all accounts, and all participants attended the same financial literacy training. SVOC conducted its recruitment and case management independently. (At the time of our visit, none of the 33 SVOC slots had been filled.)

Following are our principal findings with respect to the ways in which organizational structure and philosophy shape AFIA projects.

Projects vary in the requirements that accountholders must meet, reflecting differences in basic organizational philosophies. The visited sites differed in their use of formal rules and informal practices with respect to: (1) the minimum deposit amount required; (2) willingness to support participants' aspirations for account use (even when these might appear unrealistic); (3) tolerance for emergency withdrawals; (4) tolerance for inactive accounts, or participants who appeared unlikely to attain their saving goal; and (5) how closely saving deposits were monitored. One aspect of this was the position that a project took with respect to an accountholders' seemingly unrealistic aspirations. What if an individual with severe credit problems insisted on aiming for homeownership? What if the amount that an individual could set aside each month was insufficient to meet his or her goal? The approach a project took in these instances varied widely, according to the philosophy of the organization. The Bronx site provided a good example. Although it admitted all eligible applicants, the project gently guided certain individuals away from the homeownership goal. It did this partly because the high cost of New York City housing made homeownership unattainable for most people in the AFIA-eligible income range. (In fact, for this reason project staff wished that the income guidelines were pegged to area median income rather than to the EITC guidelines or the federal poverty level.) It also discouraged homeownership as a goal if an individual had credit problems so severe that they would be unlikely to qualify for a mortgage within the timeframe of the project. In such cases, project staff suggested that the accountholder explore the educational or business-startup goals instead. However, if such an individual insisted on striving for homeownership, the project staff did not prohibit this.

In contrast, Dollar Bank staff felt strongly that the AFIA project in Pittsburgh should impose tighter eligibility conditions and participation rules. Specifically, the bank staff were concerned that, without stricter conditions and rules, too many people would enroll who were unlikely to ever become mortgage ready. The bank staff felt that the minimum deposit (\$10/month) was too low to sustain a realistic down payment in the Pittsburgh housing market. (The minimum deposit had been set in recognition of participants' low incomes, rather than down payment requirements.) The bank was especially concerned that, at the time of our site visit, there were approximately 17 accounts (out of 62 ever opened) showing very little activity. The bank was concerned that these inactive accounts' claim on match funds was tying up money that could be used for "productive" accounts. At the time of our visit, the bank wished to raise the minimum monthly deposit from \$10 to \$40 and to restrict admission to individuals that were, or could become, mortgage-ready within the timeframe of the project. As a bank, it felt that it (rather than a social service agency) was best qualified to assess a person's mortgage potential, and it did not wish to tie up match money in accounts that were unlikely to "graduate" to mortgage applications. Dollar Bank had succeeded in imposing this screening criterion at the time of application. (Screened-out individuals would be referred to other Dollar Bank programs while they repaired their credit, until they become "IDA-ready.") The bank also succeeded in raising the minimum monthly deposit. (In the future, it will be interesting to track whether inactive accounts become a problem, especially among projects whose requirements are relatively lenient.)

The administrative expenses involved in running AFIA projects make them more difficult to implement for smaller organizations with a limited funding base. AFIA-specific administrative costs are not easily measured, but the available evidence at the visited sites suggested that such costs were extensive. This echoes the findings of other research in the IDA field.¹⁴ The AFIA-specific costs are difficult to quantify from available information for several reasons. First, it is common for staff salaries to be covered by multiple funding sources, and staff members are typically unfamiliar with the amount derived from each source. A site-by-site comparison of administrative costs for the sponsoring social service organization can be misleading because project-related responsibilities are divided differently at each site. For example, the financial education component may have been developed by a financial partner at one site, and by the social service agency at another site. Financial institutions either do not track such expenses specifically, or are reluctant to share this information.

Uniformly, the project staff at the visited sites noted that organizations must find other sources besides AFIA administrative funding. The visited sites had to marshal a variety of funding sources. In this respect, the size and diversified nature of the sponsoring organization were important factors in determining whether the additional funding could be found. Fortunately, most of the process study sites possessed the resources to cover startup and administrative expenses. Some were able to subsidize their AFIA project with other internal funds. For example, at the Bronx grantee organization, a portion of the IDA manager's salary was paid by a different internal program account. The sites leveraged other external sources of funding as well. In at least one case, that of the Sacramento site, the AFIA project simply operated at a staffing level that was very low. (This organization operated five IDA programs with two part-time staff members and a VISTA volunteer.)

¹⁴ See, for instance, Mark Schreiner, *What Do Individual Development Accounts Cost? The First Three Years at CAPTC*, Center for Social Development, Washington University at St. Louis, 2002.

The challenge of covering administrative expenses was particularly acute for the organization affiliated with a multi-site grantee. The experience of WISCAP’s sub-grantees was illustrative. WISCAP’s administrative funding from the AFIA grant had to be divided among the fifteen affiliated organizations, but each one had to incur all the costs (e.g. of developing the financial literacy component, purchasing MIS IDA, etc). Specifically, each sub-grantee (including the Milwaukee study site) received only \$3,000 in AFIA administrative funding. These subgrantees operated their IDA projects under WISCAP’s guidelines but in a largely autonomous setting, with WISCAP providing financial management, federal reporting, and technical assistance.

B. Recruitment and Screening

The participant populations among the visited sites varied dramatically in their measured economic and demographic characteristics. This was not surprising, as each organization targeted the clients that it felt best equipped to serve. Moreover, the recruitment and screening practices at the visited sites appeared likely to yield participant populations that vary in unobservable characteristics such as motivation. According to project staff, it is these unobservable characteristics, even more than income level that may affect an individual’s success at saving.

We present below our principal findings with respect to recruitment and screening, the procedures used by projects to attract and select their AFIA participants.

There were two general approaches to recruitment, targeted and “mass” recruitment. *Mass* recruitment refers to the use of media aimed at large populations or the general public, as through newspaper ads, radio spots, and flyers. A *targeted* approach aims at a smaller, well-defined population and typically relies heavily on existing relationships – for example, by drawing on the existing client base or using partner organizations for referrals.

Three organizations started with a mass approach and gradually settled on a more targeted strategy.

- The Reno site, CSA, initially conducted outreach by handing out flyers and attending local community board meetings. However, because these methods produced a low response rate, it changed its strategy, drawing almost exclusively on the internal CSA community of staff members and existing clients (families participating in its Head Start program and residents of its low-income housing properties) and utilizing word of mouth.
- The Bronx grantee also experimented with mass recruitment methods before settling on more targeted approaches that relied on word of mouth and other referrals. The Mt. Hope staff formally targeted all eligible Bronx residents, but most accountholders were drawn from its own client base (residents of its housing properties) or from those referred by its partner organizations.
- The Milwaukee site deliberately reached out to the city’s refugee population. It selected this target population because it had received an Office of Refugee Resettlement (ORR) grant to establish an IDA program, and it felt that there would be good synergy between the IDA projects funded by ORR and AFIA. Approximately 80 percent of its AFIA-

funded IDA project participants were refugees, drawn from three specific subpopulations: Bosnian Serbs, Hmong, and Laotians. Working with these groups required the hiring of staff members who were familiar with these particular refugee communities, through religious institutions. One of the IDA coordinators was related to an elder at a Serbian Orthodox church; the other had contacts to the Hmong population through a local Buddhist temple.

Two of the organizations had success with mass recruitment methods, however.

- The Sacramento grantee initially used a targeted approach—presentations and notices to residents of its housing properties (residents of rental properties owned by the grantee, Mercy Housing, and clients of SVOC, its partner organization)—but had filled less than one-half of its funded slots (25 of 57) in the first five months.¹⁵ The organization subsequently opened up the project to all local residents and placed an ad in a local newspaper. The response was very strong—nearly 400 phone inquiries for the remaining 32 slots. Mercy Housing then opened the project to all local eligible residents through general advertising. The organization had to develop additional selection criteria (e.g. the date the application was received, the number of dependent children, and how well developed was the statement of personal savings) but was very pleased with the results of the advertising effort.
- The Pittsburgh project targeted recipients of housing subsidies, specifically Section 8 tenants and public housing residents. This was the client base of the Housing Authority of the City of Pittsburgh (HACP), which initiated the AFIA grant application and remained one of the integral partners of the project. This was a “natural” target population insofar as the grantee, YWCA, worked with some of these clients through its administration of the HACP’s Family Self-Sufficiency program. Another effective recruitment method was the mass outreach conducted by the financial partner, Dollar Bank, for its *Mortgages for Mothers* program. These outreach efforts included one-day events targeted to low-income women for the purpose of publicizing Dollar Bank’s several programs aimed at low-income savers, including the AFIA project.

Those sites that targeted their recruitment efforts on their existing client base were able to contain their recruitment costs. Less effort was expended in reaching those who might turn out to be ineligible. But this obviously reached fewer people. Outreach to an “external” population cast a wider net, but many of them might be ineligible. One organization, the Bronx grantee, developed a useful system that tracked its “hit rate”—the *AFIA-eligible* share of applicants attracted to the project through various recruitment methods. It found this information very useful for project management and for making strategic decisions about recruitment methods.

¹⁵ SVOC, Mercy’s partner at the Sacramento site, originally planned to target individuals from one of its properties, Villa Jardin. SVOC also planned to fund its accounts with projected profits from Villa Jardin. The property was not profitable, however. Additionally, its residents were not responsive to the IDA program. As a result, SVOC was able to deliver only 45 percent of the matching funds originally pledged. SVOC then worked with Mercy Housing to revise the recruitment strategy and pick a new target population for SVOC’s accounts.

Successful recruitment required overcoming the initial skepticism of prospective participants.

Project staff at all visited organizations noted that low-income individuals, upon learning about IDAs, tended to perceive such projects as too good to be true. According to the interviewed staff, this skepticism appeared to stem in part from a healthy wariness toward fraudulent sounding “get-rich-quick” schemes. Many people were also distrusting of mainstream financial institutions, having had either no experience or bad experiences with them. These factors presented considerable hurdles to outreach and recruitment.

Although the AFIA staff uniformly agreed that initial recruitment was quite difficult, they were also quick to note that, in the words of one project staff member, “once you get over that initial hump and get positive word of mouth, an IDA program *can* sell itself.” There was general agreement that after some critical mass of project success had been reached, word of mouth was the most cost-effective recruitment method. In fact, a few project administrators deliberately conducted their project to ensure some early success stories—for example, by recruiting those likely to succeed or by encouraging savings goals that were relatively easy to attain—knowing that such successes would bring others into the project.

Staff members who were familiar with the language and culture of the target population facilitated the recruitment effort. The Bronx grantee, which is located in a heavily Hispanic area, initially struggled in attracting and keeping IDA participants because its staff members did not speak Spanish. The situation changed markedly with the addition of an IDA manager and a coordinator who were both bilingual. The Milwaukee site credited its recruitment success among refugees to staff members' personal credibility with the respective populations through the local religious organizations, as noted earlier.

Those individuals who came to participate in AFIA projects were both self-selected and project-selected from among the AFIA-eligible population. Those low-income persons who enrolled in AFIA projects emerged through a process that involved screening at several levels:

- (1) Statutory rules: screening according to AFIA-mandated eligibility criteria regarding income and assets;
- (2) Self-selection: screening that resulted from an AFIA project attracting some types of AFIA-eligible persons more than others, so that the applicant pool differed from the total eligible population; and
- (3) Project-level selection: screening that resulted from the policies and practices of the administering organization as to which applicants were accepted into the project.

The first type of screening—according to AFIA-mandated eligibility requirements—was the most straightforward, and all of the process study sites properly applied the statutory requirements. The other two types of selection were much more subtle and complex. They were under the control of projects to a large extent, and they could occur explicitly or implicitly. Anecdotal evidence suggested very strongly that self-selection definitely occurred in AFIA projects; persons more highly motivated to improve their situation in life were more likely to enroll than others. How projects were structured tended to influence the degree to which participants were self-selected. For example, imposing a

burdensome application process, lack of support services, and stringent project rules would naturally tend to result in a project comprised of individuals who were more motivated, with lower subsequent dropout. In contrast, providing extensive support and less strict project requirements would tend to allow the less motivated to enter, but with expectedly higher dropout.

The comparison between the Pittsburgh and Bronx projects was illustrative in this regard. The Pittsburgh project offered little case management and relatively few support services. It also allowed only home purchase. Participants in that project were, almost by definition, individuals who had determined their goal (homeownership) in advance of joining the project and were capable of sustaining the commitment with little program support. In contrast, some of the other visited projects—the Bronx site, for example—were willing to accept individuals who faced greater challenges to their saving, offering them extensive counseling and case management. This tended to encourage individuals who might struggle in (or drop out of) another project.

Some of the visited projects were more deliberate than others in selecting applicants with particular demographic or financial characteristics. At the time of our visit to the Pittsburgh site, the financial partner (Dollar Bank) had just established an additional selection criterion: an applicant's potential to become mortgage-ready within the timeframe of the project. This was the only example of explicit agency selection. Among the other four organizations, although some targeted their projects to specific demographic subpopulations (such as refugees, at the Milwaukee site), none appeared to go beyond this in seeking to identify applicants who were more “project-ready” than others. The staff in these projects felt that efforts to pre-screen applicants were probably not warranted, for two reasons. First, the typical application process demanded so much of individuals that it automatically eliminated all but the most motivated. Second, the most important predictor of success in their view was one's motivation to save, and this was difficult to assess in among applicants.

Most of the organizations had an “open-door” policy in which any eligible applicant was accepted. Even so, agency selection could be *implicit* and very powerful – for example, in its focus on one target population over another. An example was the Milwaukee site, where the selection of refugees as a target population appeared to have resulted in a participant population that was highly motivated and driven to succeed.

A project's selection criteria, whether deliberate or not and whether explicit or not, may have important implications. For instance, in determining “whom to serve” within the eligible population, screening may affect the needs for financial education, training, and services and the needs for case management and social services. Differences in screening could also be expected to contribute to differences between projects in the rates of savings and asset purchase among enrolled participants. These measured outcomes will tend to be higher (other things equal) in projects whose enrollment procedures are more selective, if indeed these projects are able to identify and enroll applicants who are more likely to succeed.

C. Financial Education, Training, and Services

The types of financial education, training, and services provided to AFIA participants differed widely across projects. In general, there were three components: *basic financial education* (“financial literacy” or “money management”); *asset-specific training* (focused on homeownership, business

startup, and post-secondary education); and *financial services* (including credit counseling and credit repair). Each of the visited sites offered these components to some degree.

The basic financial education component varied greatly in length, approach, and content. Each site had a “core” financial literacy component. Typically (with one exception, described below) this was classroom-based. Content and approach varied dramatically as well, ranging from a generalized, life skills approach (the Bronx site) to strictly technical information (the Pittsburgh site). Most sites had developed the financial literacy component in-house; only one site (Pittsburgh) utilized a curriculum developed by an outside organization—the homeownership training curriculum developed by the Fannie Mae Foundation. At some sites the instruction was provided by the AFIA project staff; at others, by the staff of the financial institution. Each site’s basic financial education component is described briefly below.

At the Bronx site, the financial education component consisted of eight weekly sessions, delivered by the grantee’s own staff. The original intent was to have the financial partner, a credit union, develop and deliver the financial literacy component. The grantee’s staff felt, however, that it was not rigorous enough. They redesigned the curriculum, culling the best from a variety of financial literacy curricula obtained by their own research. The result was a two-month intensive curriculum. It was focused primarily on life skills, beginning with an examination of what money means to each person and progressing to money management, investment basics, defining wealth (net worth and personal finance), credit counseling, financial tools (stocks, bonds), setting up financial goals, and adopting healthy financial habits. Dinner and childcare were offered during the sessions. The project staff reassessed and refined the curriculum after each round was completed.

Participants had nothing but praise for this course. Many spoke of how the course provided the financial basics that they had never learned while growing up. Further, its life skills approach seemed to have catalyzed many participants to reflect not just on their spending patterns but also on their life priorities. One participant spoke for others in describing that the course prompted her to reassess how she spent her time, her relationships, her diet, and a number of other quality of life issues.

At the Sacramento site, the financial education component consisted of six monthly sessions on basic money management. The IDA coordinator developed and conducted the classes. The class covered assets, money management skills, credit and debt, financial planning, and the distribution of wealth. The interviewed participants generally enjoyed it, but wished that it could be longer and more in-depth, and cover more topics, such as retirement and investing in the stock market and mutual funds.

At the Reno site, the financial education component consisted of a bilingual (Spanish/English) curriculum designed by Wells Fargo Bank for the IDA project. Unlike the other financial literacy courses, this one had no clear-cut start and finish. The classes cycled perpetually, allowing participants to enter and exit the training course as they wished until they completed all the classes. Classes were conducted on a rotating basis by the three financial institutions. The schedule was later changed to a less intensive one. (Originally the 2-hour classes were held three times a week every week of the month, for a total of 24 hours per month. Bank staff were unable to keep up with that demanding schedule, however, so the course was stretched out to 8 class hours per month, consisting of classes offered twice a week for two weeks out of every month.) In July 2001 one of the banks dropped out of the rotating teaching arrangement because of staffing shortfalls, leaving that task to

the remaining two banks. This arrangement offered flexibility, but with some lack of cohesion (because the course had no fixed start and end) and with the potential for redundancy (as material previously covered was repeated for the benefit of class members who did not attend earlier classes).

At the Pittsburgh site, the financial education consisted of five weekly homeownership training sessions conducted by Dollar Bank. The course was open to participants in all of Dollar Bank's low-income homeownership promotion programs. Each class of approximately 50 thus included some non-IDA participants. Although all attendees shared a common goal—homeownership—the course was not IDA-specific. The bank used a curriculum developed by the Fannie Mae Foundation, which was quite technical. It focused on how to purchase a home rather than on life skills. Participants at the class we attended seemed engaged and energized, and the interviewed participants who had completed the course spoke highly of it.

The Milwaukee grantee tended to customize its financial literacy component more than the other groups. The organization felt this was necessary because of refugees' different levels of knowledge and English proficiency. (Some participants required a translator.) The training was normally delivered in small groups, but sometimes on an individual basis rather than classroom-style. Instead of emphasizing concepts like money management—most participants already have such skills—the project focused on providing information about how the U.S. financial system worked. If participants needed more intensive financial literacy training, they were referred to the "Get Checking" program, a four-session financial literacy course aimed at helping participants become eligible for checking accounts. The course was conducted by a coalition of 13 local organizations, including the grantee, banks, and educational institutions. Grantee staff delivered the financial literacy component.

At the time of our visits, the development of asset-specific training had received less attention than basic financial education. For most of the organizations, asset-specific training consisted of referrals to partner agencies. The exception was the Reno grantee. As discussed later in the context of case management, the Reno grantee provided asset-specific seminars on a quarterly basis to keep participants engaged. (At the Pittsburgh project, because homeownership was the only allowed use, the core financial education component was itself asset-specific.) At the other visited sites, AFIA project staff were the least well versed about this financial element, perhaps because most participants were not yet close enough to purchasing an asset with their accounts.

Credit counseling was an element of all five visited AFIA projects, but the intensity varied widely. Credit counseling would appear to be an essential part of an AFIA project. After all, without a good credit record, at least two of the allowed asset purchases, homeownership and business capitalization, are virtually impossible. Among the visited sites, the range of credit counseling offered included: a one-hour examination of one's credit report with the IDA coordinator (the Bronx site); an eight-hour credit counseling session with the Consumer Credit Counseling Service, a national HUD-certified organization (the Reno site); and a comprehensive credit counseling program with a bank credit counselor that could last as long as two years (the Pittsburgh site).

By far the most rigorous credit counseling program was the Dollar Bank program at the Pittsburgh site. It consisted of monthly meetings with a bank credit counselor, who also provided the financial literacy training; thus, a relationship developed between the clients and the counselor/trainer. The program was part of Dollar Bank's commitment to all participants in its various homeownership

programs that successful completion of their savings and credit repair plans would result in a Dollar Bank mortgage.

Among the other sites, the Sacramento grantee conducted a brief credit check in-house and, if necessary, referred participants to the Consumer Credit Counseling Service for a more in-depth assessment. In Milwaukee, the issue for most of the refugee population was establishing credit, rather than credit repair. Accordingly, staff assisted the clients to apply for (and wisely use) credit cards, establish bank accounts, or obtain car loans.

It is too early to know the extent to which these approaches were adequately addressing the need for participants to establish a sound credit record. Simply becoming aware of one's credit history may be a powerful insight for people who were unaware of its importance. But the insight alone may not be enough unless credit is actually successfully repaired. It is an open question whether the brevity of some of the credit counseling provided can do more than provide a basic awareness. Although all the visited projects at a minimum provided referrals to credit counseling resources, it remains to be seen whether participants follow up on these. An interesting question in future years will be whether poor credit impedes some otherwise successful AFIA participants from attaining their goals.

There was no single optimal approach to financial education, training, and services. The approach must be tailored to the needs of the participant population. Participant populations varied enormously across projects, and this affected the types of financial education, training, and services that were adopted. At one extreme, for example, was the Milwaukee grantee's refugee population. For the most part, these individuals were extraordinarily motivated and driven. It was not unusual for participants to take on two jobs to help save toward their goal. The average deposit per participant was approximately \$200 per month. Further, many of them had been solidly middle class in their home countries and already possessed a mindset oriented to asset accumulation.

These findings were consistent with emerging evidence that the IDA savings behavior of refugee populations is quite different from that of other low-income populations. For example, the Iowa-based Institute for Social and Economic Development (ISED, also a fiscal year 1999 AFIA grantee) has noted that its refugee IDA participants save an average of nearly \$80 per month (in contrast to a monthly average of approximately \$25 for IDA programs which are part of the American Dream Demonstration). As with SDC, ISED and other organizations receiving IDA grants for refugees through ORR have found that "IDAs for refugees are less about developing savings behavior and more about helping them mainstream into the local economy."¹⁶

For more traditional types of low-income groups, project staff felt that financial education should not only provide practical information about how to attain specific assets, but also promote awareness of the importance of saving, money management, and a sound credit record. Participants themselves often commented that they had simply never been taught these things when they were growing up, but that these issues were taken for granted in middle-class households. Thus, for certain types of AFIA participants, the paramount task of financial education was to create an asset-building attitude, if it did not exist before, and then to provide the practical information.

¹⁶ Information provided via email dated July 18, 2001 by Jason Friedman, Institute for Social and Economic Development, on the IDA listserve, idanetwork@cfed.org.

Participants at two sites—the Bronx and Pittsburgh—uniformly praised the financial education they had received. Interestingly, these represented two very different approaches—one generalized and oriented to enhancing life skills (Bronx), the other narrowly defined and technical (Pittsburgh). Perhaps the most significant factor was that in each case, the financial education was tailored to the constituent population and was consistent with other aspects of the AFIA project. The Bronx grantee’s project was intensely supportive and personalized. It was not surprising that the financial education would emphasize an exploration of life values and the development of general financial skills. The Pittsburgh project, in contrast, appeared to be designed for focused individuals who had already defined their goal and were merely seeking assistance in attaining it. Here, the curriculum was about how to navigate successfully through the process of home purchase.

Project staff and participants at every site remarked that the most important step was to help convince participants that they can succeed. Many individuals remarked on the profound transformation that occurred when someone who did not believe he or she could ever attain an asset, began to realize that it *is* within their reach. Some individuals entered AFIA projects already possessed of this attitude. For many others, however, the first task was to help participants attain this self-confidence.

D. Case Management and Social Services

Case management and social services are intended elements of all AFIA projects. Activities that we consider to comprise *case management* include one-on-one assistance with account setup, payment regularity, monitoring attendance at general financial education classes and asset-specific training sessions, assessment of service needs, and referrals to resources in the community. In addition, some AFIA organizations may themselves provide non-financial support services to their participants, rather than relying on referral. Such *social services* may include, for example, post-employment support, childcare, transportation, health care, crisis intervention, mentoring or peer support, and assistance with any other personal issues that could affect the accountholder’s ability to participate successfully in the program.

Traditionally the types of organizations that have operated IDA programs are social service agencies—organizations that are strongly oriented to providing case management. How they do so is as varied as the organizations themselves. How does the intensity and approach to case management affect participants’ experience in an AFIA project? The examples of our process study sites offer some interesting insights.

For individuals “at the margin,” staff felt that personalized case management could make a difference. Project staff generally felt that case management could have a significant, if indirect, effect on whether individuals stay and succeed in an AFIA project. Minimal case management may lead to project dropout among individuals who need support; this could result in a remaining participant population quite different from what was intended. Under this view, intensive case management could make a crucial difference for some individuals at the margins.

An illustrative example was the Bronx site. This project offered perhaps the most intensive case management of the visited sites. A bilingual AFIA staff member helped applicants complete the application, provided the orientation, often walked enrollees to the credit union and accompanied

them while they opened up the account, and checked in by telephone monthly to see how participants were doing. Orientation sessions were offered at night if that was most convenient for applicants. Dinner and childcare were provided at the financial literacy classes. Accountholders were also warmly encouraged to drop by with questions or concerns, or just to say hello. If someone anticipated an upcoming cash need, the AFIA coordinator helped him or her to brainstorm ways to resolve it without imperiling their savings plan. The atmosphere that this created was personal and nurturing. Indeed, project participants at this site uniformly commented that they felt well cared for and supported. “I never feel lost or that I’m falling through the cracks; the staff really cares about me,” said one.

Such an approach seemed particularly appropriate for AFIA projects serving individuals “at the margin” — that is, those for whom strong program support may well determine whether they develop and maintain a pattern of regular saving. However, it was clearly staff-intensive. Providing such support services, at a given staff size, constrained the number of AFIA accounts that an organization could manage. Offering such support may serve fewer clients, but may permit the project to serve a needier segment of the community. In contrast, a project that offers little case management can support a larger caseload, but one comprised primarily of people who are ‘self-starters’ and who might have done equally well without the project. In short, both approaches can achieve results—but the affected populations are likely to be quite different in size and description. Whether a project aspires to serve a needier subset of the low-income population is an important *strategic* decision that should be made after a thoughtful assessment of the fit between the associated requirements for case management and social services that a project can realistically offer.

Dropout was high in the initial stages of some AFIA projects. Accordingly, intensive program support was viewed by staff as especially important at the beginning of an individual’s participation. Projects were surprisingly uniform in their estimation of the share of participants that drop out at key junctures. Of those who enrolled in the project and attended an orientation session, approximately one-half opened an account or attended financial education classes. Of these, approximately one-half completed the classes and actually made any regular deposits. These estimates did not even include the subsequent “staying power” of participants over the duration of the project.

Project staff strongly felt that the need for intensive case management was greatest at the beginning of an individual’s participation. Many projects found that “hand-holding” was worth the effort. Staff members at Dollar Bank (affiliated with the Pittsburgh project), the Reno site, and the Bronx site often physically accompanied accepted applicants to the financial institution to open their AFIA accounts. All began doing this when they observed the long period—often months—that elapsed between an applicant’s acceptance into the project and their first deposit; some never made a deposit, effectively dropping out of the project before even opening their account. The extra time required to help participants open their IDAs, project staff felt, paid off in terms of getting them started quickly on their savings.

Projects varied greatly in their emphasis on case management. Two of the visited sites, Milwaukee and Pittsburgh, offered minimal case management. Their example suggested that intensive case management may *not* be essential—if the project is composed of accountholders who have the wherewithal to succeed on their own. At SDC, the non-intensive nature of the case management

stemmed at least in part from the fact that the target population, refugees, was so motivated that little case management was needed. In this project, case management consisted of having a staff member available to answer participants' questions. It had little to do with the traditional support services offered by SDC. The project participants whom we interviewed did not feel a need for more case management. At the Pittsburgh site, the de-emphasis on case management was perhaps an unintended effect of the way in which the project was structured, with the financial partner assuming the primary role.

In neither the Milwaukee nor Pittsburgh site did it appear—based on the early anecdotal evidence—that the absence of case management was hindering participants' progress toward their savings goals. One caveat to this might be the 17 inactive accounts at the Pittsburgh site. Some may argue, as the financial partner did, that these participants were ill suited for the project at the outset. Others may argue that these participants experienced difficulty because they did not receive adequate support.

Finally, there was the example of the Sacramento site, which also provided little case management. This was due primarily to staffing shortfalls. There were only two part-time staff members and a VISTA volunteer to manage 225 accounts in five different IDA programs. (The two part-time staffers had most of the client contact; the VISTA volunteer worked primarily on larger institution-wide issues, such as expanding IDA availability to other locations.) In this project, the interviewed participants mentioned minimal case management as a shortcoming. They noted the need for more peer support, more information about other local resources to help them attain their goals, and more in-person asset-specific training.

Providing AFIA case management and social services through existing organizational channels created difficult tradeoffs. In principle, channeling AFIA participants through existing case management and social services conserved resources and created synergy between the various programs offered by an organization. It also could create a situation, however, in which AFIA case management was no one's priority, and where AFIA cases might "fall through the cracks."

The example of the Pittsburgh site was illustrative. In this three-organization partnership, AFIA case management was assigned to the grantee organization, the YWCA, which was already providing case management for the Family Self-Sufficiency (FSS) program. Case management for AFIA accountholders was added to the job responsibilities of caseworkers working with FSS participants. Problems arose in several respects, however. First, the FSS caseworkers' caseloads were already so high that they are often unable to meet with their FSS clients more often than quarterly. Second, many AFIA accountholders were not FSS participants; therefore the relationship was a superficial one, typically not extending to more than a brief mandatory orientation session. Finally, the AFIA project was perceived to belong to Dollar Bank, rather than the YWCA, leaving some AFIA participants confused as to why the YWCA caseworkers were involved at all. Clearly, combining AFIA case management onto a pre-existing program structure demanded that sufficient additional resources be allocated for the task, and that it be accorded equal priority with other pre-existing case management activities.

Staff expressed the view that informal peer monitoring could be as effective as formal case management. The example of the Reno site was instructive in this respect. The intensity of formal case management at this site fell between the extremes noted earlier (i.e., the Milwaukee and

Pittsburgh sites offering minimal case management, with the Bronx site offering intensive case management). The many AFIA participants who participated in the Reno grantee's other programs also received program-specific case management from those other caseworkers. The role of the AFIA coordinator was to conduct orientation sessions and to contact accountholders if she noticed a lapse in deposits. Client contact was more sporadic and less personal than at the Bronx site.

What was notable about the Reno site was the *informal* nature of its client support arrangements. In the view of staff, this was as effective as, or even more effective than, formal case management. Because most AFIA accountholders were already clients (or staff members) of the grantee's other services, they saw each other regularly and offered each other informal support and encouragement—as well as demanded accountability if someone was tempted to lapse in his or her savings plan. Quarterly sessions at which outside speakers made asset-specific presentations also provided a forum for peer interaction and support. (For example, during our site visit we attended a presentation by a local bank and a small business development center on starting a business.) Accountholders noted that they were energized by these sessions and welcomed the chance to exchange tips with fellow participants.

For the most part, such peer support did not occur at the other visited sites. Although some projects were considering ways to add a peer support component, it did not yet exist formally or informally at any of the other sites. It was clear, however, that such a network might prove useful. Many of the project participants that we interviewed used the occasion of our group interview to share experiences, tips, and moral support. At one group interview, respondents traded tips on choosing a home contractor. Many were pleasantly surprised to discover that others' experiences were so similar to their own. ("I thought I was the only one going through that!" was a common remark.) Everywhere, newcomers to the AFIA project were inspired and energized by those who were close to attaining their goal.

An informal support network was more likely to occur in projects that are composed of groups internal to an organization (such as existing clients of the Reno grantee or fellow church- and temple-goers at the Milwaukee site), rather than those composed of less cohesive groups of individuals. The tradeoff, of course, was that the project became less accessible to those who were not part of the internal community in the first place. Such individuals would face a form of double jeopardy—not only social isolation but also a lack of needed support services.

The tone and apparent effectiveness of case management hinged on interpersonal relationships.

Based on our interviews at the visited sites, organizations should be very careful about whom they assign to the critical "front-line" positions that involve direct contact with AFIA participants. Where the target population included those of different cultures (such as the Hispanic community in the Bronx or the Serbian and Southeast Asian refugee community in Milwaukee), cultural sensitivity was of paramount importance.

Both the Bronx and Milwaukee sites attributed a large part of their success to having identified staff persons who were credible with the respective target groups. The importance of this factor for recruitment has been discussed previously. It applied equally strongly with respect to keeping participants engaged after enrollment. For example, the Bronx site's IDA coordinator, who had most of the direct client contact, was a VISTA volunteer who, like many of the enrollees, was a Latino

workfare recipient. The organization found that participants were more likely to discuss problems or concerns with someone who literally and figuratively spoke their language.

Even beyond cultural issues, however, it was clear that the effectiveness of functions that required client contact was personality-driven. At Pittsburgh's Dollar Bank, for example, attrition rates varied widely between two financial trainers delivering the same curriculum. Close attention to staffing the front-line positions in an AFIA project was particularly important in view of the skepticism with which many individuals approached IDA programs in the first place.

E. Issues for Future Consideration

The first-year site visits reported here have provided many insights into the issues that are affecting grantees' development of AFIA projects.

The one visited project that was operated with very strong involvement by the financial institution was very different from those operated by social service organizations. For all visited projects, the AFIA grantee was a nonprofit organization. However, at one project—the Pittsburgh site—the predominant institution was the financial partner, Dollar Bank. Among those interviewed, there was a common understanding that Dollar Bank had true "ownership" of the project, even though the AFIA grantee was the YWCA. Staff at each partner organization involved, as well as the participants themselves, called it "Dollar Bank's IDA program." This perception seemed to stem from the fact that the AFIA project was largely incorporated into an IDA-like program already operated by Dollar Bank.

Thus, even though Dollar Bank was not the AFIA grantee, it was the dominant partner at the Pittsburgh site. The contrast with the other sites are noteworthy, indicating how IDA programs that operate under a "financial services model" (as defined below) tend to differ from those that operate under a more traditional "social services model." The Pittsburgh site was also suggestive of how financial partners could make more valuable contributions in other AFIA projects.

We see the key differences between the financial services model and social services model as follows:

- ***Under the financial services model, IDAs were viewed more as a financial product rather than as an anti-poverty tool to be used in conjunction with other ongoing support services.*** Dollar Bank viewed IDAs as a financial instrument and a marketable product. In contrast, the social service organizations that we visited tended to view IDAs as a tool for personal empowerment and transformation. Dollar Bank viewed IDAs as a potential source of new mortgage business in a previously untapped market. This shaped the AFIA project in fundamental ways. First, it shaped the bank's expectations of individuals; a "successful" AFIA account was one that turned into an accepted mortgage application within a reasonable length of time. It also shaped the services provided—more focus on technical homeownership information and extensive credit repair services, but less focus (if any) on case management.

- ***The project that operated under a financial services model tended to attract a different population than the clientele recruited by social service agencies.*** The one project that adopted a financial services approach was focused on short-term results, providing little case management and placing more emphasis on screening applicants to ensure that only those likely to become mortgage-ready were accepted. Dollar Bank had neither the capability nor the desire to provide case management. It had relatively little tolerance for maintaining accounts that it felt were not likely to turn into successful mortgage applications. Accepting individuals into the project who were unlikely to become mortgage-ready within the time frame of the AFIA project merely tied up match money that could be used for other individuals. The participant population under a financial services model was therefore more likely to be composed of motivated savers. "We cherry-pick from the neediest population," said one individual affiliated with the Pittsburgh site.
- ***Under the financial services approach, IDA projects may be capable of operating at a larger scale—but for a different population.*** With less emphasis on case management and personalized services, a project operated under the financial services model may well be "leaner" administratively. In contrast, AFIA projects operated under the social services model may end up being accessible to fewer people, but may reach more individuals "at the margins" – those who can succeed at asset acquisition, but only with project support.
- ***In projects that adopt the financial services model, bank partners may be unlikely to want IDAs to be used for purposes that do not promote bank business.*** The original Dollar Bank project was designed only for home ownership, so this is the only option available to AFIA participants. To the extent that home purchase and business startup have greater loan potential than post-secondary education, banks may tend to promote some IDA uses more than others.

As another general observation, the testimony of satisfied participants left little doubt that strong financial education, training, and services can produce many benefits. It can help some individuals attain their goal and become informed consumers—but does weak financial education hinder them? At this early stage in the projects, it is impossible to tell. As with case management and social services, the answer appears to depend on the nature of a project's client population.

With respect to case management and social services, it is also too early to gauge the effect that such support may have on participant outcomes. From the early experience in the visited sites, however, it appears that case management may be less important a factor if participants are already highly motivated and have stable incomes. If the participants are drawn from a harder-to-serve population, failure to provide correspondingly intense case management can result in individuals who do not progress in the project or who simply drop out. This should serve as a caution to organizations as they consider whether to institute or expand AFIA projects. Many organizations, excited at the ways in which IDAs can help their constituencies, might be tempted to institute AFIA projects without first assuring that case management resources are adequate for the needs of their target population. Similarly, it can be a mistake to attempt to expand AFIA projects at a pace that outstrips the organization's realistic ability to serve all participants.

The staff-client interpersonal dynamics of AFIA projects may make it difficult to establish such projects on a long-term basis. The challenge of developing programs that endure beyond any one individual is not unique to AFIA projects. Rather, it is characteristic of many non-profit organizations. With high turnover and strained resources, such organizations often find projects are strongly affected by the strengths and weaknesses of the individual staff members operating them. Even in organizations that are large and stable (as were all of our process study sites), specific projects such as AFIA projects can be small and therefore quite fragile. Because departures of key staff members may well affect project quality at any of the sites, we view our findings from these site visits as preliminary. Only time will tell if project strengths survive the individuals who developed them.

Functions where personality especially seems to matter are those that involve direct contact with participants, such as recruitment, case management, and the delivery of financial education. With respect to case management specifically, the personality of the case managers may be particularly important for projects that are structured to provide high levels of one-on-one support. In contrast, a relatively impersonal project may be easier to institutionalize, but it will tend to attract individuals who can do well with minimal support.

Several elements appeared to be essential for successful asset accumulation by the poor: strong financial incentives and accurate information (the “tools”) and the belief that the goal is attainable (the “mindset”). Some participants enter AFIA projects already possessed of the mindset, and resourceful enough to obtain the information from other means. But where they do not, financial education, training, and services can play a role in both respects. Conducted well, these project elements can empower individuals to believe they can succeed and arm them with the information they need to navigate the financial system successfully. These elements can also, as we have seen, promote introspection about one’s life priorities, which can effect personal transformations that go far beyond the financial realm. We look to later site visits, when AFIA projects have accumulated more experience, to allow us to better assess the significance of financial education, training, and services in helping achieve asset accumulation for large numbers of people.

The site visits were also provocative in suggesting the key policy issues that may emerge as projects mature and as the IDA field expands. These include:

- ***What is the appropriate income level to target?*** Targeting those with incomes that are “too high” may result in funds being expended on those who might succeed even without assistance. Targeting individuals whose incomes are “too low” may result in a participant population that is very demanding of program support, and might not succeed anyway. The task for policymakers will be to strike an appropriate balance. Some AFIA project staff have suggested that this may mean a target population with higher incomes than AFIA allows (200 percent of the poverty level, under the December 2000 technical amendments). Others have suggested that income eligibility be keyed to area median income, as this is more linked to the costs of the respective assets in various locations. (For example, in New York City, even those who are substantially above the poverty level may still be unable to afford a home.)
- ***What factors are most important in determining individuals’ successful completion of an AFIA project?*** Project staff are uniform in suggesting the most important factor is a

client's motivation, more important than income level. Future attention should focus on whether project completion rates bear this out, and if so, how projects should select the "right" individuals for an IDA project.

- ***What are the tradeoffs involved in having AFIA projects operated by various types of institutions?*** Because AFIA specifically requires that grantees be public or non-profit organizations, it is not likely that many AFIA-funded projects will be operated by, for example, financial institutions. But where financial institutions play a relatively large role, it would be interesting to examine whether, and how, this affects the nature of AFIA projects.
- ***Are IDAs more effective when implemented as a financial product or as an anti-poverty tool?*** How does this affect the type of individuals that an AFIA project attracts and serves? How does this affect who succeeds in an AFIA project? Our site visits suggest that both versions can result in strong projects that help individuals – but *which* individuals they help, and how they do so, varies.
- ***What is the appropriate level of strictness in project requirements?*** Do less strict requirements (e.g. low monthly deposits) help struggling individuals, or lead to higher rates of inactive accounts? How does the strictness of project requirements shape individuals' ability to complete an AFIA project?
- ***Are there other factors within a project's control that could prevent even successful savers from attaining their goals?*** For example, can a weak credit-counseling component become a barrier to successful project completion?
- ***What are the tradeoffs involved when organizations attempt to “scale up”?*** One challenge for AFIA projects, and for IDA programs generally, is reaching important numbers of people. How do large-scale projects differ from those that serve small numbers of enrollees?

We look to future rounds of site visits to help answer some of these questions.

Appendix A:

Process Interview Guides

Guide A: First-Round Interview Guide -- Coordinators

| | |
|-------------------------|---------------------|
| Respondent name: _____ | Title: _____ |
| Organization: _____ | |
| State: _____ | Phone number: _____ |
| IDA program name: _____ | |
| Interviewer name: _____ | Date: _____ |

Introduction

[DESCRIBE PROJECT, INTERVIEWING ORGANIZATION, AND INTERVIEW]

A. Respondent Background

Before we start discussing the IDA program, I'd like to take a moment to learn a little bit about you and your own relationship to the program.

- A.1. How would you describe your role in relation to the [IDA PROGRAM NAME]?
- A.2. When did you first begin working on this program? (PROBE: Was the program just getting started then?) Approximately what portion of your work week do you now spend dealing with (program name)?
- A.3. Could you briefly describe your other job responsibilities apart from those related to the program -- just a sentence or two is plenty.
- A.4. What other services does your organization provide, in addition to [IDA PROGRAM NAME]? What kinds of people participate in these other programs?

B. Organizational structure

- B.1. How many organizations are involved in the operation of your IDA program?
- B.2. *What sort of legal entity is each of these organizations (e.g., not-for-profit (501)(c)(3) organization, State or local government agency, tribal government)?
- B.3. Excluding financial institutions, what other public agencies and private organizations are involved in the program's operation (including all whose cooperation is required to operate the program effectively)?

- B.4. Please describe each agency's or organization's role in the program's operation.
- B.5. *What financial institutions are involved?
- B.6. *Is this financial institution Federally insured?
- B.7. What was involved in getting financial institutions involved in the program initially? What factors were most important?

C. Program background & development

- C.1. Did [ORGANIZATION] have an IDA program prior to receiving AFIA funding?
 - C.1.1. (If yes:) When was that effort started? When was the first account opened?
 - C.1.2. About how many accounts had been established at the time that you secured AFIA funding? [NOTE: From here, all remaining questions pertain to the AFIA-funded program]
- C.2. What if any challenges did the AFIA-supported IDA program face in its initial development period (prior to accounts being opened)? (PROBE: Did any significant issues, obstacles, or problems arise in gaining the participation of financial institutions, cooperation with other agencies, or buy-in from other stakeholders?)
- C.3. When did the program become operational? (i.e., when were the first accounts opened?)
- C.4. What challenges did the IDA program face in its startup period (after the first accounts were opened)? (PROBE: Did any issues arise in outreach to potential applicants, training of participants, relationships with banks or other partners?)
- C.5. Did any difficulties arise with respect to. . .
 - C.5.1 Outreach to potential applicants?
 - C.5.2 Relationships with banks or other partners?
 - C.5.3 Case management?
 - C.5.4 Developing the educational component?
- C.6. Is this program serving the number of account holders it was funded to serve?

C.6.1. If not, what are the reasons for this in your mind?

C.6.2. Do people not know about the program?

C.6.3. If they do know about the program, do they believe it will help them?

C.7. Did individuals enroll in the program [received financial literacy training] and not open an account?

C.7.1. If so, what reasons did they cite?

C.7.2. What other reasons, if any, did you perceive?

D. Account activity levels

D.1. Approximately how many accounts are open now? (An approximation is fine.)

D.2. What is the total level of funds in the AFIA-funded IDA accounts now?

| <i>Source</i> | <i>Amount</i> |
|------------------|---------------|
| Deposited Amount | |
| Match funds | |
| Total | |

D.2.1. These figures are as of what date?

D.3. Please give me a sense of the savings patterns you have observed so far. What is the “typical” size of deposits? How frequently are these usually made? (PROBE: if there is no “typical” pattern, please give me a range).

D.4. Approximately how many account-holders have made withdrawals for allowable uses to date?

- D.5. What is the total level of funds that have been withdrawn to date from the AFIA-funded accounts?

| <i>Source</i> | <i>Amount</i> |
|------------------|---------------|
| Deposited Amount | |
| Match funds | |
| Total | |

D.5.1. These figures are as of what date?

- D.6. What have been the uses for which these funds were withdrawn?
PROBE: Approximately how many withdrawals were for. . .

| <i>Use</i> | <i>Number</i> |
|------------------------|---------------|
| Home ownership | |
| Business startup | |
| Education and training | |
| Emergencies | |
| Other uses | |

- D.7. Approximately how many participants who opened accounts have left the program without completing it? (i.e., quit or were dropped from the program due to withdrawals or lack of participation.)
- D.8. What is the full-time equivalent number of staff people working on the IDA project? How many of these people work at organizations other than your own? (PROBE: That is, how many people work on the project and what percentage of a 40-hour week do each of them typically spend on it?)

E. Federal grant

- E.1. Who was directly involved in securing Federal funds for the IDA program?

- E.2. What is the total level of Federal AFIA funds you have secured for the IDA program?

E.2.1. What is your AFIA grant amount?

E.2.2. For how many years are these Federal funds guaranteed?

- E.3. For what have you used these funds to date? What amounts have been used:

E.3.1. To match deposits into IDAs?

- E.3.2. To help participants obtain the skills and information necessary for using IDAs (e.g., economic literacy, budgeting, and counseling)
- E.3.3. To administer the project?
- E.3.4. To participate in monitoring and evaluation activities?

F. Other funds

- F1.1. Please give me a sense of how the AFIA funding fits into the context of other IDA funding your organization receives. What funding is currently available to you from these sources?

| Source (type) | Amount | Purpose of funds (e.g. match, administration) | Level of funding for each purpose (\$ amount, % share) | Time period over which this funding is available |
|---------------|--------|---|--|--|
| 1. AFIA | | a. b. c. | a. b. c. | |
| 2. | | a. b. c. | a. b. c. | |
| 3. | | a. b. c. | a. b. c. | |

- F.2. How adequate would you say are the administrative resources you have available from all these sources for the IDA program?

- F.2.1. If you feel administrative funding is no adequate, what could be done additionally, or better, with more such funding? What are the consequences of insufficient administrative funding for your IDA program?

G. Participant eligibility

- G.1. Who is eligible for the program? (PROBE: How does financial eligibility for TANF and EITC affect an individual's eligibility for the IDA program?)

- G.2. When assessing applicants to the IDA program , does your organization look for a particular type of person, or for certain characteristics? If so, why are these considered important? (PROBE for traits that the program might be screening for: for example, motivation, family support, level of need.)
- G.3. Is anyone ever considered *inappropriate* for this IDA program (beyond those who are simply ineligible)? If so, what types of people? For what reasons would someone be considered inappropriate?
- G.4. What is the maximum applicants can hold in assets (excluding the value of the primary dwelling unit and one motor vehicle owned by the household)?
- G.5. What additional screens or eligibility assessment do you perform on applicants who pass the income and asset related criteria?
- G.6. How are potential participants informed about the existence of your IDA program? (PROBE: What use, if any, do you make of program brochures, media advertising, or caseworker referrals from other program services?)
 - G.6.1. How effective do you think this overall strategy has been in “getting the word out” to potential participants?
 - G.6.2. Which component(s) do you think were most effective? Least effective? What changes would you make if you could?

H. Qualified uses of IDAs

- H.1. What types of purchases or investments can IDAs be used for?
- H.2. At what point after the initial deposit is made can a withdrawal be made?
- H.3. Does the program allow for emergency withdrawals?
 - H.3.1. For what circumstances are emergency withdrawals permitted?
 - H.3.2. What funds can/cannot an individual withdraw for these emergency purposes?
- H.4. After making an emergency withdrawal, does a participant need to repay the funds in order to continue participating?
 - H.4.1. Is there a time period within which the funds must be repaid in order to remain eligible for the match funds?

- H.5. Can IDAs or IDA funds be transferred to eligible family members (such as a spouse or dependent child)? In what circumstances?

I. Matching provisions

- I.1. Do you place any restriction on the type of funds that can be deposited into an IDA? (PROBE: Does it have to be earned income?)

- I.2. What is the match rate that an account-holder receives?

- I.2.1. Of that, what is the match rate paid by AFIA funding? By other sources?

| <i>Source of funding</i> | <i>Match rate</i> |
|--------------------------|-------------------|
| 1. AFIA | |
| 2. | |
| 3. | |

- I.2.2. Does the match rate differ for different families (e.g., families with higher or lower incomes)?

- I.3. When or how often are matching deposits made from your Federal funds?
- I.4. When or how often are match deposits made from your non-Federal funds?
- I.5. Is there any restriction placed on the amount of Federal match funds in any one IDA account? What is the restriction per individual? Per household?
- I.6. Do you co-mingle the participants savings with the matching money in a single account, or keeping the matching money in a separate but parallel account?

J. Reporting and evaluation

- J.1. Do you submit progress reports to the US Department of Health and Human Services? How often? What do they contain?
- J.2. Do you report separately to any other funding organizations? What information do they require? How often?
- J.3. Do you engage in any self-evaluation activities? Please describe them.

- J.4. Have you established any performance goals for the IDA program or individual staff? (PROBE: for example, milestones for recruitment, savings goals, or withdrawals.) If yes, what are they? How do you track them?

K. Effects

- K.1. Understanding it may be too early to tell yet, are you seeing any evidence of the following:
- K.1.1. Effects on participant savings behavior?
 - K.1.2. Different effects on savings by members of different demographic groups (e.g., gender, age, family size, race or ethnic background, and income)?
 - K.1.3. Effects on homeownership rates?
 - K.1.4. Effects on post-secondary education attained?
 - K.1.5. Effects on self-employment / business startup?
 - K.1.6. Economic/self-sufficiency effects on participants? (reduction in public assistance)
 - K.1.7. Civic effects on participants (voting, school involvement, community involvement, etc.)?
 - K.1.8. Social or psychological effects on participants? (future-orientedness, feelings of self-efficacy, motivation, other behavioral changes)
 - K.1.9. Family stabilization effects on participants? (parenting behaviors, marital status, domestic violence)

L. Observations

- L.1. Do you think the program is serving as many people as it could? Is the program underused, or is it operating at "full capacity"? Please explain.
- L.2. What have been the main issues or obstacles to getting eligible people to participate? (e.g., low income, trust issues, barriers to employment, inexperience with bank accounts, limited outreach/information)

- L.3. Have you noticed any general patterns or trends in participants' savings behavior? (IF NO RESPONSE, PROBE: e.g., poor people's ability to save, people making deposits regularly vs. in lump sums – like at tax time)
- L.4. What type of person tends to succeed in this IDA program? What type of person tends not to succeed?
- L.5. Looking outside the IDA program for a moment, what do you see as the primary factors that have shaped the program's results? (IF NO RESPONSE, PROBE: e.g., welfare reform, the local economy, housing market)? How have these factors influenced your work?
- L.6. Which aspects of the IDA program do you feel are most appealing to clients? Which are the least appealing?
- L.7. Are there any significant unresolved issues or obstacles with respect to the administration of the program? (PROBE: Are there any issues involving state or federal policy, participation by banks or other groups?)
 - L.7.1 In your judgement, what is the effect of these unresolved issues on your operations?
- L.8. What works less well? What would it take to improve it?
- L.9. Is there anything else that I have missed that you think is important to understanding the IDA program?

Thank you for your time!

Guide B: First-Round Interview Guide -- Associates

| | |
|-------------------------|---------------------|
| Respondent name: _____ | Title: _____ |
| Organization: _____ | |
| State: _____ | Phone number: _____ |
| IDA program name: _____ | |
| Interviewer name: _____ | Date: _____ |

Introduction

[DESCRIBE PROJECT, INTERVIEWING ORGANIZATION, AND INTERVIEW]

A. Respondent Background

Before we start discussing the IDA program, I'd like to take a moment to learn a little bit about you and your own relationship to the program.

- A.1. How would you describe your role in relation to the [IDA PROGRAM NAME]?
- A.2. When did you first begin working on this program? (PROBE: Was the program just getting started then?) Approximately what portion of your work week do you now spend dealing with (program name)?
- A.3. Could you briefly describe your other job responsibilities apart from those related to the program -- just a sentence or two is plenty.
- A.4. What other services does your organization provide, in addition to [IDA PROGRAM NAME]? What kinds of people participate in these other programs?

B. Program operations

- B.1. Who conducts the initial check that the applicant is eligible for the program? How? What is involved in determining eligibility?
- B.2. Please describe the mechanics of establishing an account. Specifically, what are the necessary steps to be taken by: (1) the participant? (2) the caseworker? (3) other program staff? and (4) the financial institution?
- B.3. Please describe the process of making deposits. Is anyone else besides the account-holder and the bank involved in making deposits? If so, how?

- B.4. How are account balances monitored? By whom? How often?
- B.5. Please describe any IDA-related training that participants receive:
 - B.5.1. Is there a 'financial literacy' training component? If so please describe it: What is the curriculum? How many class sessions are there? How long is each session? How many students are typically involved?
 - B.5.2. Is there a purchase-specific training component? (e.g., a component specific to purchasing a home or starting a small business)
 - B.5.3. Is there any other training or counseling component (e.g., credit counseling, financial planning, career counseling, general counseling)? If so, please describe.
- B.6. Please describe the mechanics of making eligible withdrawals for an approved purchase. What are the roles of (1) the account-holder, (2) the bank, (3) caseworkers, (4) other program staff, and (5) any others. (PROBE: Is there a formal process for verifying that a withdrawal will be used for an allowable purpose?)
- B.7. What happens if an account-holder decides to stop participating in the program (or is asked to leave)? What is involved?

C. Participant interactions

- C.1. How do most participants first get involved with the IDA program? (PROBE: How do they learn about it? From where are they referred?)
- C.2. How many times does a staff member (or partner agency staff member) typically meet with individuals before they open their IDA accounts?
 - C.2.1. What is discussed at these meetings?
 - C.2.2. What is the character of these meetings? (PROBE: How many of these meetings are one-on-one?)
- C.3. Is anyone ever considered inappropriate for this IDA program (beyond those who are simply ineligible? If so, what types of people? For what reasons would someone be considered inappropriate?

- C.3.1. How does your organization handle such cases? (PROBE: for example, would they be turned away, or referred to another organization's IDA program, or told to apply again later?)
- C.4. How many times does a staff member (or partner agency staff member) typically meet with a participant after they open their IDA account?
 - C.4.1. What is typically discussed at these meetings?
 - C.4.2. What is the character of these meetings? (PROBE: How many of these meetings are one-on-one?)
 - C.4.3. Are meetings generally held according to a regular schedule? How often?
 - C.4.4. Are the meetings held at the request of the participant?
 - C.4.5. What do participants tend to want to meet about?

D. Effects

- D.1. Understanding it may be too early to tell yet, are you seeing any evidence of the following:
 - D.1.1. Effects on participant savings behavior?
 - D.1.2. Different effects on savings by members of different demographic groups (e.g., gender, age, family size, race or ethnic background, and income)?
 - D.1.3. Effects on homeownership rates?
 - D.1.4. Effects on post-secondary education attained?
 - D.1.5. Effects on self-employment/business startup?
 - D.1.6. Economic/self-sufficiency effects on participants? (reduction in public assistance,
 - D.1.7. Civic effects on participants (voting, school involvement, community involvement, etc.)?
 - D.1.8. Social or psychological effects on participants? (future-orientedness, feelings of self-efficacy, motivation, other behavioral changes)

D.1.9. Family stabilization effects on participants? (parenting behaviors, marital status, domestic violence)

E. Observations

- E.1. Do you think the program is serving as many people as it could? Is the program underused, or is it operating at "full capacity"? Please explain.
- E.2. What have been the main issues or obstacles to getting eligible people to participate? (e.g., low income, trust issues, barriers to employment, inexperience with bank accounts, limited outreach/information)
- E.3. Have you noticed any general patterns or trends in participants' savings behavior? (IF NO RESPONSE, PROBE: e.g., poor people's ability to save, people making deposits regularly vs. in lump sums – like at tax time)
- E.4. Looking outside the IDA program for a moment, what do you see as the primary factors that have shaped the program's results? (IF NO RESPONSE, PROBE: e.g., welfare reform, the local economy, housing market)? How have these factors influenced your work?
- E.5. Which aspects of the IDA program do you feel are most appealing to clients? Which are the least appealing?
- E.6. What are some of the major unresolved issues or obstacles with respect to the administration of the program? (PROBE: Are there any issues involving state policy, state-level administration, local-level operations, participation by banks or other groups?)
 - E.6.1 In your judgment, what will it take to resolve these issues?
- E.7. Have there been unexpected developments in, or consequences of, this program? Please describe.
- E.8. In your opinion, what works particularly well in this program?
 - E.8.1. What works less well? What would it take to improve it?
- E.9. Is there anything else that I have missed that you think is important to understanding the IDA program?

Thank you for your time!